Annual Report 07/08



uMlalazi Municipality



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NGCOBO S R (MRS)	501020 0358 087	P O Box 19 Petts Store, 3820	072 309 1735 079 888 0399
NGEMA B R L ***WARD 12***	731128 5700 088		082 0818 792
NGEMA E N ***WARD 21***	540918 5274 089		082 9727 528
GADLELA G N (MRS) ***WARD 17***	630328 0766 082	P O Box 2022 Gingindlovu, 3800	072 2183 965
NGONYAMA D T	720623 5652 084		072 5106 752
NGONYAMA S F ***WARD 8***	561010 5504 089	P O Box 2914 Eshowe, 3815	082 7651 924
NTANZI D C ***WARD 13***	640927 5637 087		082 6718 750
NTULI M M M ***WARD 3***	730909 5481 089	P O Box 9906 Eshowe, 3815	076 5674 027 079 0958 706
NXUMALO M C ***WARD 6***	700224 5677 082	P O Box 34 Nyoni, 3802	072 2911 116
POWELL J K ***WARD 19***	400109 5009 084	P O Box 55 MTUNZINI 3867	340 1998 072 1429 551
SHANDU M S Speaker	560825 5800 083	P O Box 854 Gingindlovu, 3800	073 817 5806
SITHOLE B G S (MISS) ***WARD 26***	810822 0313 087		073 1333 246
SITOLE B C	720705 5754 083		083 9731 804
TALMAGE E A ***WARD 18***	640401 5007 089	P O Box 46 Gingindlovu, 3800	083 3069 034
XULU Q T (MRS) Chief Whip	560612 0704 084	Private Bag 131 Ntumeni, 3830	072 1432 700
XULU V M ***WARD 25***	730425 5364 084	P O Box 712 Eshowe, 3815	082 5423 871
ZIKALALA K B (MISS) ***WARD 24***	760723 0853 082	P O Box 61646 Empangeni, 3880	073 7652 622
ZIKALALA S ***WARD 10***	641206 5603 087	P O Box 663 Eshowe, 3815	082 7214 640
ZONDI N G (MISS) ***WARD 2***	760202 0651 085		076 6406 118
FEDERAL CONGRESS			
PALAVAR D K	600920 5165 082		083 5570 152 474 5473
AFRICAN NATIONAL CONGRESS			
GAMEDE C (MRS)	590626 0846 087		072 4411 364
JAFFE E Z (MRS)	490105 0658 082	2 Residency Road, Eshowe, 3815	083 6580 323

COMMITTEE STRUCTURES

EXECUTIVE COMMITTEE

His Worship the Mayor Councillor M E T Magwaza **(Chairperson)**
The Deputy Mayor Cllr N S Buthelezi
Cllr J D Vilakazi (ANC)
Cllr C T Ndwalane (ANC)
Cllr V M Xulu
Alderman S B Larkan
Cllr M C Nxumalo
Cllr J K Powell
Cllr E A Talmage

Financial Management Committee

His Worship the Mayor
Councillor M E T Magwaza **(Chairman)**
The Speaker Councillor M S Shandu
The Chief Whip Councillor Q T Xulu
Alderman S B Larkan
Councillor E A Talmage
Councillor N S Buthelezi
Councillor P G Dlolane
Councillor J K Powell
Councillor I Woollatt
Councillor M Mbuyazi

Corporate Services Committee

Councillor V M Xulu **(Chairman)**
The Chief Whip Councillor Q T Xulu
Councillor B G S Sithole
Councillor G Moodley
Councillor D P Marais
Councillor B R L Ngema
Councillor S G Mbambo
Councillor G N Ngema
Councillor C Ndwalane
Councillor W P Mzimela

Engineering Services Committee

Deputy Mayor
Councillor N S Buthelezi (Chairperson)
Alderman S B Larkan
Councillor D T Ngonyama
Councillor M M M Ntuli
Councillor K Khumalo
Councillor M M Makhoba
Councillor E N Ngema
Councillor M M Cebekhulu
Councillor T Y Sibiya
Councillor M Gamede

Community Services Committee

Councillor J K Powell (Chairperson)
The Chief Whip Councillor Q T Xulu
(EXCO MIN NO 143/06/07) (Co-opted member HIV Aids Desk)
Councillor B C Sithole
Councillor V M Xulu
Councillor M C Nxumalo
Councillor G N Gadlela
Councillor M Dludla
Councillor N S Mzimela
Councillor Z Jaffe
Councillor S Ngema
One post vacant

CATEGORY OF MUNICIPALITY

Category B

AUDITORS

Office of the Auditor-General

REGISTERED OFFICE

uMlalazi Municipality
Hutchinson Street
Eshowe
PO Box 37
Eshowe
3815

Telephone: 035- 473 3474
Fax: 035-474 4733

MUNICIPAL MANAGER

Chris Gerber

MANAGER: FINANCIAL SERVICES

Huey Geringer: Registered Municipal Accountant (AIMFO)

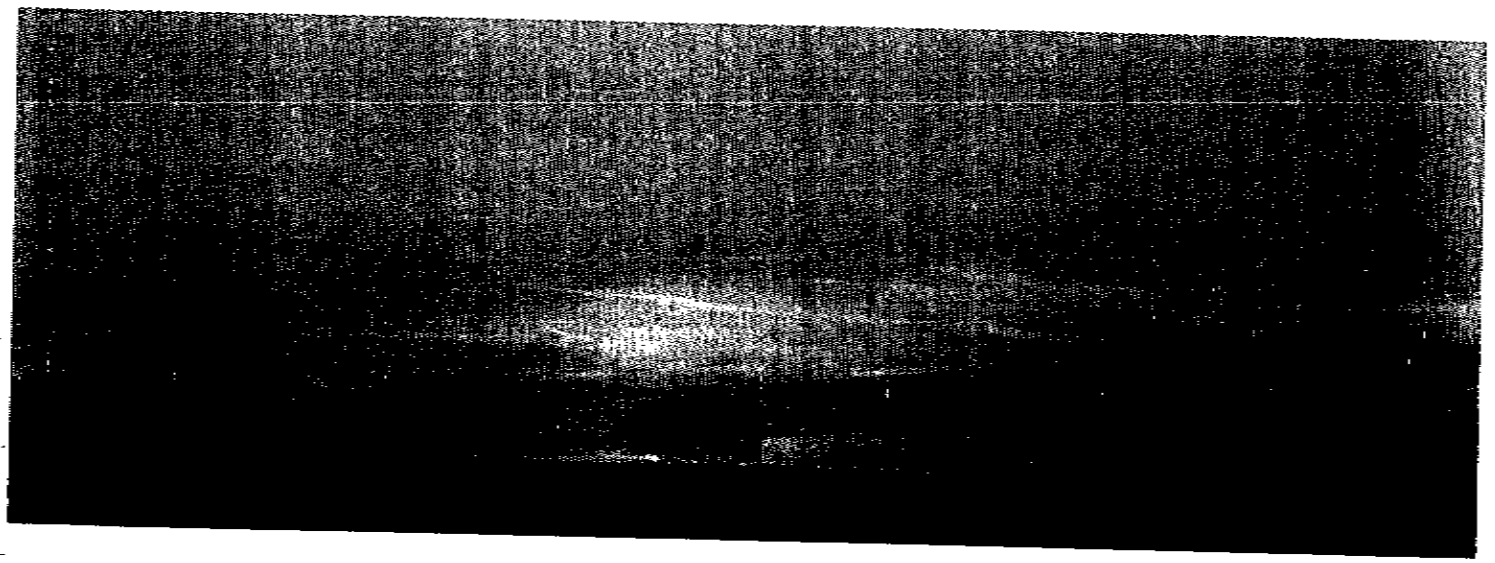
behalf of the national government.

We wish to express our heartfelt thanks to all Council members for their excellent cooperation during the year under review and to especially thank the Council staff members under Municipal Manager Chris Gerber for the consistently high standards of work achieved during the year under review. Receiving an unqualified audit from the Auditor-General was most encouraging and indicative of the way we try to do things in the uMlalazi Municipality.

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MET MAGWAZA
MAYOR – uMLALAZI MUNICIPALITY

I wish to record my appreciation for the dedication and efficiency of the councillors and staff of the Municipality, without their support and contribution the Council's achievements would be far less impressive. I trust that we will be further inspired to serve our community in an exemplary way.





Local Government: Municipal Structures Act, 1998 (Act 117 of 1998). The following table reflects a list of the powers and functions being performed by the municipality:

POWERS AND FUNCTIONS OF THE uMLALAZI MUNICIPALITY

LOCAL FUNCTION	DISTRICT FUNCTION	SHARED FUNCTION
• Air Pollution Control • Building Regulations Enforcement • Child-Care Facilities • Pontoons, Jetties, Ferries, Piers, Harbours • Storm Water Management (Built-Up Areas) • Trading Regulations • Beaches and Amusement Facilities • Billboards and Display of Advertisements in Public Places • Cleansing • Control of Public Nuisances • Control of Sale of Liquor to the Public • Facilities for the Accommodation, Care and Burial of Animals • Fencing and Fences • Licensing of Dogs • Local Amenities • Local Sports Facilities • Municipal Parks and Recreation • Noise Pollution • Pounds • Public Places • Street Trading • Street Lighting • Traffic and Parking • Fire Fighting Services • Local Tourism • Municipal Airport • Municipal Planning • Municipal Public Transport • Cemeteries, Funeral Parlours and Crematoria • Markets • Municipal Abattoirs • Municipal Roads • Refuse Removal, Refuse Dumps and Solid Waste	• Potable Water • Sanitation	• Municipal Health Services • Electricity (Eskom)

It is evident from the above that a number of powers and functions are performed by the uMlalazi Municipality. The management structure is headed by the Municipal Manager who in 2007 was contractually appointed for a further 2 year period. A new position of Deputy Municipal Manager was created to head up the implementation of the uMlalazi Integrated Development Plan.

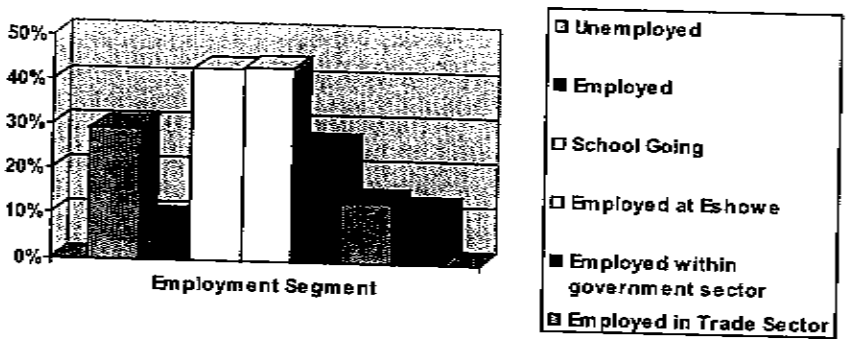
The **Employment Equity Plan** and **Skills Development Plan** of the municipality covering the time period of 01 October 2005 to 30 September 2010 has been completed. The plan sets clear targets in respect of the recruitment and skills development of staff members and the emphasis is clearly placed on previously disadvantaged communities.

The municipality also has an **Indigent Relief Policy** in place wherein it is recognised that the municipality has an important role to play in providing basic services to the entire community on a sustainable basis. This objective is however dependent on the financial and administrative capacities of the municipality.

The Municipality has an approved **Communications** Plan.

PHYSICAL CHARACTERISTICS

The uMlalazi Municipality is characterised by an undulating topography and it covers some 2 217km², one



TRANSPORTATION

The uMlalazi Municipality is well served by a number of roads of which, the N2 Motorway is the most important. It is aligned parallel to the coastline in the east and from north to south.

The R66 is aligned from Gingindlovu to Eshowe, the Nkwaleni Valley and Melmoth. This route bypasses Eshowe after having been realigned as a provincial road.

The R102 is the old Empangeni Road and is still used by vehicles avoiding the payment of toll on the N2 Motorway.

The R34 is aligned from Richards Bay and Empangeni to the Nkwaleni Valley and links with the R66.

As indicated earlier, the railway line from Gingindlovu to Eshowe and the Entumeni Mill has been closed and the tracks lifted.

RELATIVE LOCALITY

The locality of the uMlalazi Municipality adjacent to that of the Umhlatuze Municipality has an important bearing on the local economy. The growth in the Richards Bay/Empangeni urban complex over the past decades has been exponential compared to the other smaller urban areas around it. All municipalities are competing with this important South African harbour for all forms of economic development. Development planning is focused on the economic sectors driving the local economy, agriculture and tourism, with efforts directed at diversification.

To improve agricultural production requires the development of the potential in the rural areas where informal and subsistence practices prevail. The commercial farming areas require little intervention to improve production.

In respect of tourism, there is a need in the hospitality industry to provide a basis for intercepting more tourists.

As far as industrial development is concerned the focus is on labour intensive forms of industry. In this regard the uMlalazi Municipality has adopted a pro-active approach in the establishment of marketing initiatives and

IMPROVEMENTS IN SAFETY AND SECURITY

This is the responsibility of the South African Police Service (SAPS) but there are municipal initiatives in respect of community policing forums and support of the SAPS.

PROVISION OF HOUSING

In this respect the uMlalazi Municipality acts as the agent for the KwaZulu Natal Department of Housing, particularly in the provision of housing in the urban areas.

PROVISION OF SPORTS GROUNDS, COMMUNITY CENTRES AND COMMUNITY HALLS

The provision of sports grounds, community centres and community halls have been attended to by the uMlalazi Municipality in consultation with the Uthungulu District Municipality.

SOLID WASTE DISPOSAL FACILITIES

A waste disposal site has been developed at Mtunzini. This site is utilised as a transfer station for waste from areas within uMlalazi such as Gingindlovu and Mtunzini. The waste is collected and then transported to the Regional Site in Empangeni.

EDUCATIONAL FACILITIES

The provision of educational facilities is the responsibility of the specialised KwaZulu Natal Department of Education.

DEVELOPMENT STRATEGY

South African Constitutional realities dictate that for municipalities to implement their functions as the development agencies for the State and the Provinces, as well as meeting their own specific needs, there needs to be integrated development planning between the levels of government.

To reach the development levels needed for a full and dignified life for the residents, particularly the rural residents, the following general approaches are followed:

The uMlalazi Municipality provides services in accordance with its annual capital budget and its five-year capital programme in accordance with the availability of funding.
Part of the annual budget is focused on the upgrading and maintenance of existing infrastructure in the urban nodes of Eshowe, Mtunzini, King Dinuzulu, and Gingindlovu, in order to maintain the substantial capital investments in these areas.

The financial strategy of the uMlalazi Municipality is to launch the uMlalazi Integrated Development Plan within both the areas adjacent to the urban nodes (emerging nodes) and urban areas of the municipality.

Water and sanitation are provided in accordance with the programmes and standards set in the uThungulu Water Services Development Plan.

This plan will be:

- Aligned with base-line IDP review data;
- The organizational and institutional development plan based on institutional requirements for effective performance management and service delivery;
- Structured so that Performance Agreements for Managers are aligned with their job descriptions before being finalized.

CHRIS GERBER
MUNICIPAL MANAGER

		Indigent support policy	YES			
		Credit control and debt collection policy	YES			
		Bank and investment policy	YES			
		Asset and Liability management policy		YES		
		Tariff policy	YES			
		Risk management policy		YES		**Internal Audit Unit Established**
		Revised bylaws		YES		**Submitted for Promulgation**
		Standing operating procedures and administrative delegations	YES			
		Anti-corruption Strategy and structures		YES		
		Internal and Financial and Performance Auditing structures and systems	YES			
		Public Consultation and Participation Framework	YES			
2	Competency Frameworks	Competency Framework developed for the Administration	YES			

		Senior management (Section 57 only) posts filled at the end of the financial year (EXCLUDING acting and not suspended)	POST	filled	vacant	advertised	if filled, occupied for how many months in the year	if filled, occupied with the same person not	
			Municipal Manager	YES			12		
			Monitoring and Evaluation (Performance Management)	YES			12		**DEPUTY MUNICIPAL MANAGER**
			Financial Management	YES			12		
			Technical Services	YES			12		**MANAGER ENGINEERING SERVICES**
			Local Economic Development	YES			12		**DEPUTY MUNICIPAL MANAGER**
			Community Services	YES			12		
			Corporate Services	YES			12		

		Number senior management (Section 57 including the MM) concluded and submitted performance agreements in terms of Section 57 Regulation	Number	7 OUT OF 7		
4	Financial Management	Revenue Raising Strategy developed				
		Debt Recovery Plan developed	YES			
		Approved budget by end of June	YES			
		Service Delivery Budget Implementation Plan (SDBIP) approved by July	YES			
		Submission of annual financial statements to the Auditor General by 31 August	YES			
		Results of Auditor General 07/08 audit	Unqualified	UNQUALIFIED		
			Qualified			
			No Opinion			

		HIV/AIDS strategy developed	YES			
		Adopted Community Development Worker Frameworks	NO			
		Adopted Section 53 Framework in terms of the MSystems A adopted by Council	YES			
		District Co-ordinating Forum (DCF) established and operational	YES			
		District Technical Forum established and operational	YES			
		06/07 Annual Report adopted	YES			
		06/07 Annual Performance Report	YES			
		Council adopted 06/07 Oversight Report	YES			
		Functional Audit Committee	YES			
		Functional Performance Audit Committee	YES			
		IDP adopted by end June	YES			
8	Local Economic	LED programme developed	YES			



Report of the Auditor General



procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:

   - appropriateness of accounting policies used.
   - reasonableness of accounting estimates made by management.
   - overall presentation of the financial statements.

7. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the uMlalazi Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

9. The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury as set out in accounting policy note 1.

Opinion

10. In my opinion the financial statements present fairly, in all material respects, the financial position of the uMlalazi Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury as set out in accounting policy note 1 and in the manner required by the MFMA and DoRA.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Matters of governance

11. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The municipality had an audit committee in operation throughout the financial year.	✓	
• The audit committee operates in accordance with approved, written terms of reference.	✓	



municipality in terms of section 46 of the Local Government: Municipal Systems Act,2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

16. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

17. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

18. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below..

Audit findings (performance information)

Lack of reporting on all against predetermined objectives in annual report

19. I draw attention to the fact that the uMlalazi Municipality has not reported actual outcomes on all predetermined objectives, as required by section 13(3)(b) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

Lack of sufficient appropriate audit evidence

20. I was unable to obtain sufficient appropriate audit evidence in relation to the performance information of the uMlalazi Municipality, as the system used for generating information was not adequate for the purposes of the evaluation.

OTHER REPORTS

Investigations

21. With regard to the 2006/07 report, Paragraph 11, an investigation was conducted during the 2007/08 financial year. An amount of R88,482 was recovered from Council's insurers resulting in a balance of R12,833. A criminal case has been instituted and the outcome has not been finalised at reporting date.

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2008

Audit Committee and attendance
The audit committee comprises of three independent, external and suitably experienced members and operates in terms of the approved audit committee charter and the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).

Audit committee responsibilities
The committee has complied with its responsibilities as outlined in section 166 (2) of the MFMA. The committee has also complied with its responsibilities set out in its Council approved terms of reference and has discharged all its responsibilities to Council contained therein.

The Municipality's system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA and the King II Report on Corporate Governance requirements, Internal Audit and the Auditor-General's Report provide the Audit Committee and management with assurance that the internal controls of the Municipality are appropriate and effective. This is achieved by means of a risk review process, testing of controls, as well as the identification of corrective actions and suggested enhancements to controls and processes. From the various reports of the Internal Auditor, the audit report on the Annual Financial Statements and the management letter of the Auditor-General, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported.
The committee has noted that a detailed Internal Audit Plan is being developed for the 2008/2009 financial year and that a risk based internal audit programme will be implemented.

Review of the Annual Financial Statements
The Audit Committee has reviewed:

- and discussed with the Auditor-General and the Accounting Officer the audited Annual Financial Statements to be included in the Annual Report;
- the Auditor-General's management letter and management's responses; and
- the accounting policies and practices.

The committee has noted the unqualified opinion expressed by the Auditor-General in his report on the Annual Financial Statements and commends management on this achievement. The committee concurred with and accepted the Auditor-General's conclusions and recommended that the audited Annual Financial Statements be adopted by the Council of the Municipality

Chairperson

Annual Financial Statements for the Year Ended 30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 37 to 69 in terms of section 126 (1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 10 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

JC GERBER
Municipal Manager

31 August 2008



uMLALAZI MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Notes	2008	2007
		R	R
NET ASSETS AND LIABILITIES			
Net assets			
Housing operating account	1/29.11	9,506,376	8,983,247
Capital replacement reserve	29. 8	11,034,327	15,163,246
Capitalisation reserve	29.9	13,110,865	14,786,629
Government grant reserve	29.7	39,667,937	26,440,599
Donations and public contributions reserve	29.10	1,601,977	2,167,007
Revaluation reserve	13/29. 6	23,069,870	23,069,870
Accumulated surplus / (deficit)	17	48,873,097	47,507,787
		146,864,449	138,118,385
Non-current liabilities			
Long term liabilities	2	79,489	303,734
Post retirement medical benefits	30	4,846,944	4,196,267
Long service awards and retirement gifts	31	1,262,722	1,091,967
Refuse site rehabilitation	34	1,760,000	
		7,949,155	5,591,968
Current liabilities			
Consumer deposits	3	778,111	774,166
Creditors	8	8,855,806	10,666,484
Bank overdraft	15	1,576,067	
Unspent conditional grants and receipts	36	5,689,366	8,176,204
Current portion of long term liabilities	2	227,573	334,536
Current portion of post retirement medical benefits	30	288,000	270,084
Current portion of long service awards and retirement gifts	31	98,632	90,663
		17,513,555	20,312,137
Total Net assets and Liabilities		172,327,159	164,022,490
ASSETS			
Non-current assets			
Property, plant and equipment	35	139,236,737	119,566,426
Investment property	14	-	
Investments	4	1,000	1,000
Long term receivables	5	982,395	900,904
		140,220,132	120,468,330
Current assets			
Inventory	6	1,481,717	1,483,826
Consumer receivables	7	18,939,487	12,515,347
Other receivables	7	488,317	2,858,018
Current portion of long term receivables	5	5,197	133,994
Investments - short term	4	11,164,784	22,757,895
Bank balances and cash	15	27,525	3,805,080
		32,107,027	43,554,160
Total Assets		172,327,159	164,022,490

uMLALAZI MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2008

		Housing operating account	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations and public contributions reserve	Revaluation reserve	Accumulated surplus/ (deficit)	Total
		R	R	R	R	R	R	R	R
30 June 2007									
Balance at 01 July 2006		4,345,683						3,288,822	7,632,305
Implementation of GAMAP (Note 29)		4,420,008	15,163,246	24,337,563	31,663,764	2,327,435	23,069,870	67,844,822	168,826,708
Implementation of GAMAP (Note 24)		223,849						-1,206,211	-982,362
Change in accounting policy									-
Restated balance		8,989,540	15,163,246	24,337,563	31,663,764	2,327,435	23,069,870	69,725,233	175,276,651
Net surplus (deficit) for the year		-6,293						617,740	611,447
Adjustments prior year								-3,267,717	-3,267,717
Liability raised for post retirement medical benefits								-4,456,351	-4,456,351
Liability raised for long service awards and retirement gifts								-1,182,630	-1,182,630
Liability raised for refuse site rehabilitation									-
Backlog depreciation								-28,853,015	-28,853,015
Offsetting of backlog depreciation				-9,550,934	-5,223,166	-180,428		14,934,527	-
Property, plant and equipment purchased									-
Capital grants used to purchase property, plant and equipment									-
Donated/ contributed property, plant and equipment									-
Transfer to Housing operating account									-
Asset disposals									-
Offsetting of depreciation									-
Balance at 30 June 2007		8,983,247	15,163,246	14,786,629	26,440,599	2,147,007	23,069,870	47,507,787	138,118,385
30 June 2007									
Implementation of GAMAP									-
Correction of error									-
Changes in accounting policy									-
Restated balance		8,983,247	15,163,246	14,786,629	26,440,599	2,147,007	23,069,870	47,507,787	138,118,385
Surplus (deficit) for the year		18,004						2,511,544	2,493,540
Adjustments prior year		1,408						-252,065	-250,659
Transfer to Capital Replacement Reserve									-
Property, plant and equipment purchased			-4,128,819					4,128,819	-
Capital grants used to purchase property, plant and equipment					14,305,738				-
Donated/ contributed property, plant and equipment									14,305,738
Transfer to Housing operating account		-14,397							-
Public contributions	518,116	84,670				-721,776			-14,397
Interest received		423,446				188,270			-637,106
Offsetting of depreciation				-1,675,764	-1,078,400	-31,522			611,716
									-2,785,686
Balance at 30 June 2008		9,506,376	11,034,427	13,110,865	39,667,937	1,601,977	23,069,870	48,873,097	148,864,449

uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1 **BASIS OF PRESENTATION**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of :

General Notice 991 of 2005 issued in Government Gazette no. 28095 of 15 December 2005; and
General Notice 992 of 2005 issued in Government Gazette no. 28095 of 07 December 2005.

The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets

Accounting policies for material transactions, events or conditions not covered by the above mentioned GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

2 **PRESENTATION CURRENCY**

The annual financial statements are presented in South African Rand to the nearest Rand.

3 **GOING CONCERN ASSUMPTION**

The annual financial statements are prepared on a going concern basis

4 **HOUSING OPERATING ACCOUNT**

The Housing Operating Account was established in terms of the Housing Act, 1997 (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 01 April 1998 and transferred to a Housing Operating Account. Housing selling schemes, both complete and in progress at 01 April 1998, were also transferred to the Housing Operating Account. In terms of the said Act, all proceeds from housing developments, including rental income and sales of houses, must be paid into the Housing Operating Account. Monies standing to the credit of this account can only be used to finance housing developments within the municipal area subject to the approval of the Provincial Member of the Executive Committee responsible for housing.



uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

5.4 **Donations and Public Contributions Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus / (deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus / (deficit).
The purpose of this policy is to promote consumer equity and facilitate budgetary control by by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful lives of items of property, plant and equipment financed from donations and public contributions.

When items of property, plant and equipment financed from donations and public contributions are disposed of, the balances in the Donations and Public Contributions Reserve relating to such items are transferred to the accumulated surplus / (deficit).

5.5 **Revaluation Reserve**

Unrealised surpluses arising from the revaluations of land and buildings are credited to a Non-Distributable Reserve. Revaluation surpluses are realised as revalued buildings are depreciated, by means of transfers from the revaluation reserve to the accumulated surplus / (deficit).

When revalued land and buildings are disposed of, the net revaluation surpluses in the Revaluation Reserve relating to such items are transferred to the accumulated surplus / (deficit), while gains and losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

6 **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment is stated in the annual financial statements at cost less accumulated depreciation, except for land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have and indefinite life.

The cost of an item of property, plant and equipment comprises purchase price, import duties, non-refundable purchase taxes and directly attributable costs of bringing the asset to working condition for its intended use, such as site preparation, initial delivery, handling, installation and professional fees. Where items of property, plant and equipment have been impaired, the carrying values are adjusted by the impairment losses. These losses are recognised as expenses in the period that the impairments are identified except where an impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings is recognised as revenue to the extent that it reverses the impairment loss which was previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item cannot be measured at its fair value, its cost will be measured at the carrying amount of the asset given up.

uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

9 INVESTMENTS

9.1 Financial instruments

Financial instruments, which include unlisted, reciprocal municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks are stated in the annual financial statements at the lower of cost or fair value. No impairments are required as the cost values equate to their cash values.

Where investments have been impaired, the carrying values are adjusted by the impairment losses, which are recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net proceeds on disposal and the carrying amount is charged or credited to the Statement of Financial Performance.

10 INVENTORIES

Inventories are comprised of consumable stores, raw materials and finished goods and are stated in the annual financial statements at the lower of average cost, determined on the first in first out method first out method and net realisable value. Cost includes deductions for discounts and rebates.

Redundant and slow moving inventories are identified and sold by public auction and any gain or loss on disposal is recognised in the Statement of Financial Performance.

Unsold properties are stated in the annual financial statements at the lower of cost, determined on the average cost method and net realisable value. Direct costs are accumulated for each separately identifiable development. Cost also includes a proportion of overhead costs.

11 ACCOUNTS RECEIVABLE

Accounts receivable are stated in the annual financial statements at the value of billings to consumers/ ratepayers, less deductions for discounts given or rebates granted less a provision for doubtful accounts.

Provision for doubtful accounts is made, based on a review of all outstanding amounts at the financial year end. Contributions to the provision are calculated on a specific debt basis of all debts older than two years, including rates, rates penalties and rates collection charges.

Bad debts are written off in the period that they are identified. Amounts that are receivable within one year are classified as current assets.

12 ACCOUNTS PAYABLE

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received. The liabilities are generally settled within a period of 30 Days, accordingly any impairments, if any, are considered to be immaterial.

uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

15 **PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate.

16 **CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents in the cash flow statement comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred.

17 **UNAUTHORISED EXPENDITURE**

Unauthorised expenditure represents expenditure which has been incurred but not budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003). Unauthorised expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue where it is subsequently recovered.

18 **IRREGULAR EXPENDITURE**

Irregular expenditure excludes unauthorised expenditure and represents expenditure incurred that is contrary to the provisions of the Local Government : Municipal Finance Management Act, 2003 (Act No.56 of 2003) the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Public Office Bearers Act, 1998 (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue when it is subsequently recovered.

19 **FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure represents expenditure that was made in vain and would have been avoided if reasonable care had been exercised. Fruitless and wasteful expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue where it is subsequently recovered.

20 **RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the three defined benefit funds it administers.
Contributions are charged as an expense in the Statement of Financial Performance in the year that they become payable.
The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the Contributions which are charged as an expense in the Statement of Financial Performance in the year that they become payable.



uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008	2,007
	R	R
1. HOUSING OPERATING ACCOUNT		
Government loans extinguished in 1996	4,497,017	4,420,008
Instalments received from borrowers	4,863,797	4,345,683
Accumulated surplus	235,560	217,556
	9,506,374	8,983,247
Fixed assets	-	43,758
Debtors - short term	1,468,152	1,416,161
Debtors - long term	919,826	934,224
Investments - External	4,938,570	4,420,454
Cash at bank	2,179,828	2,168,650
	9,506,376	8,983,247
2. LONG TERM LIABILITIES		
Local registered stock loans		
Long term Loans		
Annuity loans	307,062	638,270
Total External loans	307,062	638,270
LESS : Current portion transferred to current liabilities	-227,573	-334,536
(Refer to appendix A for more detail)	79,489	303,734

Annuity loans
Bear interest at rates between 15.75 % and 18.08 % per annum, are being redeemed in monthly instalments, including interest, over varying periods until

Fair value impairments
Long term loans are recorded at the actual liability to loan creditors. No impairment, if any has been recognised.

3. CONSUMER DEPOSITS: SERVICES		
Electricity	778,111	774,156
Guarantees held in lieu of electricity deposits	621,062	621,062
4. INVESTMENTS		
Unlisted		
Shares in Co-operative - Coastal Farmers	1,000	1,000
	1,000	1,000
Short term investments		
Collateral security fixed deposits		
Notice deposits - call	11,164,784	22,757,895
Total investments	11,165,784	22,758,895
Council's valuation of unlisted investments	11,165,784	22,758,895
Average rate of return on investments	18.75%	6.70%



uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008	2,007
	R	R
Amounts written off as bad debts	902,852	1,676,485
As a percentage of total operating revenue	0.99%	1.86%
Number of days outstanding	56	66
Age analysis		
Rates, penalties and collection charges		
Current (0 to 30 days)	1,234,027	3,047,957
31 to 60 days	216,623	505,079
61 to 90 days	189,149	102,246
91 to 120 days	168,264	4,124,232
121 days and over	6,508,919	
	8,316,982	**7,779,514**
Electricity		
Current (0 to 30 days)	1,446,193	1,261,138
31 to 60 days	32,699	237,295
61 to 90 days	57,188	35,591
91 to 120 days	46,463	179,960
121 days and over	129,960	
	1,712,503	**1,713,984**
Refuse		
Current (0 to 30 days)	413,757	258,105
31 to 60 days	44,834	88,435
61 to 90 days	26,272	35,648
91 to 120 days	21,805	408,129
121 days and over	375,098	
	883,766	**790,317**
Sundries		
Current (0 to 30 days)	6,680,116	861,071
31 to 60 days	67,424	54,275
61 to 90 days	42,934	9,629
91 to 120 days	201,934	1,242,448
121 days and over	1,234,048	
	8,226,456	**2,167,423**
Housing		
Current (0 to 30 days)	543,556	10,800
31 to 60 days	8,781	11,463
61 to 90 days	8,710	11,163
91 to 120 days	8,627	1,381,318
120 days and over	898,478	
	1,468,152	**1,414,744**
Provision for Bad Debts		
Balance at beginning of year	1,350,635	1,737,861
Contributions made during the year	320,589	289,259
Transfers ex Equitable share grant	900,000	1,000,000
	2,571,224	3,027,120
Debts written off during the year	902,852	1,676,485
	1,668,372	**1,350,635**

uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2,007 R
12. INTEREST PAID		
Long term liabilities	89,751	247,810
Bank overdrafts	7,385	-
Total interest on external borrowings	**97,136**	**247,810**
13. PROPERTY, PLANT AND EQUIPMENT		
Land and buildings have been revalued to fair value during the year ended 30 June 2006 using values determined by the Council's independent valuator on the depreciated replacement value basis.		
The revaluation surplus is reconciled as follows:		
Balance at beginning of year	23,069,870	23,069,870
Surplus arising on revaluation of properties	-	-
Surplus realised	-	-
Balance at end of year	23,069,870	23,069,870
Refer to Appendix B for more detail on property, plant and equipment		
The municipality has taken advantage of the transitional arrangements set out in Gamap statement No. 17. The municipality is in the process of fine-tuning the asset register records that have been painstakingly compiled. A formal physical verification will be carried out in 2008/09 and amendments made where applicable. At present, depreciation on infrastructure and community assets is based on an average useful life using some historical costs recorded in somewhat out of date records. In addition, no assessment has been carried out to determine whether or not there are any impairments of values but it is expected to be completed by 30 June 2009		
See also Note 35		
14. INVESTMENT PROPERTY		
Certain properties classified as investment properties by the Municipality will be established in 2009		
The fair value of these properties as valued by the Council's valuer at 30 June 2008 will also be determined in 2009		
Rental income derived from these properties amount to	1,414,399	1,457,515
15. BANK, CASH AND OVERDRAFT BALANCES		
The Municipality has the following bank account:		
Current account (Primary Bank Account) First National Bank Limited, Eshowe Branch - Account No. 52 191 090 523		
Bank statement balance at beginning of year	3,949,766	2,017,998
Bank statement balance at end of year	1,011,641	3,949,766
Cash book balance at beginning of year	3,777,035	1,979,029
Cash book balance at end of year	-1,576,067	3,777,035
Cash on hand		
Petty Cash	26,500	26,500
Floats	1,025	1,545
	27,525	28,045
	-1,548,542	**3,805,080**
16. SERVICE CHARGES		
Sale of electricity	13,819,879	14,246,596
Refuse removal	3,677,327	3,104,573
	17,497,206	**17,353,169**



uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2,007 R
22. (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	3,805,080	1,990,074
LESS : Cash balance at the end of the year	-1,548,542	3,805,080
	5,353,622	-1,815,006

23. RETIREMENT BENEFITS

The Municipality's personnel are members of one of the three Natal Joint Municipal Pension Funds i.e. (Superannuation, Provident and Retirement). The valuator carries out a statutory valuation on a triennial basis and an interim valuation on an annual basis (the 2006 interim has been completed).

Superannuation

A statutory (an interim) actuarial valuation of the Fund was carried out for the period ending 31 March 2008 (31/03/2007). The actuarial value of total assets was more (less) than the actuarial value of liabilities for the service of members to that date and for pensioners by: made up as follows:

	650,700,000	121,700,000
For service to 31 March 2008		
for pensioners - surplus funding level 138.0% (2006: deficit funding level 100.5%)	538,900,000	210,000,000
for members - surplus funding level 104.7% (2006: deficit funding level 85.8%)	111,800,000	-88,300,000

The fund did not hold an Investment Reserve at 31 March 2007

Conclusion

The funding level of the Fund improved from 95.% to 104.7% (increased from 85.8% to 95.0%) over the valuation period
The actuary is satisfied that the Fund was fully funded and financially sound on the Discounted Cash Flow method; and
The required contribution rate for future service exceeded the contribution rate payable by 1.27% of pensionable salaries.
This will be reviewed at the next interim actuarial valuation of the fund at 31 March 2009 when the outcome of a possible merger with the Retirement Fund will be known with more certainty.

Provident Fund

The salient features of the Statutory (Interim) Valuation Report on the fund as at 31 March 2008 were that the net market value of the Fund's assets were not sufficient to fully cover the members' share account and to provide total reserves of
The liabilities of the Fund exceeded the assets by a small deficit (or unallocated assets) of which represents 0.5% of assets, is a feature of the smoothed bonus approach followed by the Fund and will be met from future investment earnings

	46,734,000 3,247,000	84,070,000

Conclusion

The investment reserve account far exceeds the deficit, so the fund is financially sound as at the valuation date.
Thus the Investment reserve should remain at 7% and the recommendation is that ni final bonus be declared on the members' full benefits for theyear to the valuation date

The Actuary is satisfied that the asset composition of the Fund is appropriate to the nature of the liabilities and the Fund was in a sound financial condition at 31 March 2008

Retirement Fund

The salient features of the interim (interim) valuation of the fund at 31 March 2008 are:

The actuarial value of total assets of the fund was in excess of the actuarial value of the liabilities for the service of members to that date and for pensioners by made up as follows:

	25,300,000	-141,400,000
For service to 31 March 2008		
for pensioners - funding level 134.7% (2006 : funding level 116.2%) - surplus	195,900,000	63,400,000
for members - funding level 82.6% (2006 : funding level 73.0%) - deficit	-170,600,000	-204,800,000
The fund was thus funded	99.20%	83.10%
The fund did not hold an Investment Reserve.		
With effect from 01 July 2000, local authorities commenced paying a surcharge equal to 2% of pensionable salaries. It was subsequently increased each year and is currently	17.00%.	14.00%.
and members pay	1.65%	1.65%

Based on the valuation assumptions applied in 2000 the shortfall was expected to be fully funded by 2010
During the previous interim valuation the actuary found that the mortality assumption for pensioners was not in line with actual experience and so the assumption was changed.
Accordingly, the current surcharge is required to continue for a further two years after 2010 to be fully funded.

uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2,007 R
26. CAPITAL COMMITMENTS		
Commitments for capital expenditure		
Approved and contracted for	-	-
Approved but not yet contracted for	36,510,601	34,401,186
	36,510,601	**34,401,186**
This expenditure will be financed from:		
Internal sources	5,635,404	4,515,061
External sources		
National government	25,875,197	29,886,125
Provincial government		
Development Bank of SA	5,000,000	-
	36,510,601	**34,401,186**
27. EMPLOYEE RELATED COSTS		
Remuneration of the Municipal manager		
Annual remuneration	781,128	635,273
Performance bonus	109,358	62,282
	890,486	**697,555**
Remuneration of the Deputy Municipal manager		
Annual remuneration	550,000	-
Performance bonus	77,000	-
	627,000	**-**
Remuneration of the Chief financial officer		
Annual remuneration	504,000	259,125
Car / housing allowances	-	193,892
Contributions to UIF, Medical and Pension funds	-	72,329
Performance bonus	70,560	-
	574,560	**525,348**
Remuneration of the Manager: Protection		
Annual remuneration	475,000	
Performance bonus	66,500	
	541,500	**-**
Remuneration of the Manager: Engineers		
Annual remuneration	475,000	
Performance bonus	66,500	
	541,500	**-**

Remuneration of the Departmental Managers	Corporate services	Community services	Protection services	Engineer services
2008				
Annual remuneration	341,070	350,155		
Car / housing allowances	89,713	121,012		
Contributions to UIF, Medical and Pension funds	86,671	84,666		
	517,454	555,833	-	-
2007				
Annual remuneration	240,407	240,407	259,125	259,125
Car / housing allowances	85,255	116,777	707,505	414,625
Contributions to UIF, Medical and Pension funds	79,917	77,176	77,176	63,764
	405,579	434,360	1,043,806	737,514

uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

		2008 R	2,007 R
29. 4	**Accumulated Depreciation**		
	Balance previously reported		-
	Implementation of GAMAP		
	Backlog depreciation - Properties		3,609,335
	Backlog depreciation - Infrastructure		3,039,916
	Backlog depreciation - Vehicles		4,031,616
	Backlog depreciation - Roads		8,328,435
	Backlog depreciation - Storm water		266,400
	Backlog depreciation - Electrical		2,907,676
	Backlog depreciation - Toolbox		6,649,434
	Total charged to Accumulated Surplus		28,853,815
29. 5	**Accumulated Surplus / (Deficit)**		
	Implementation of GAMAP		
	Transfer from statutory funds		27,520,845
	Transferred from Loans Redeemed and other capital receipts		41,464,306
	Backlog depreciation		-28,853,015
	Backlog depreciation recovered from Government Grant Reserve		5,223,165
	Backlog depreciation recovered from Capitalisation Reserve		9,550,934
	Backlog depreciation recovered from Public Contributions and Donations Reserve		160,428
	Accrued leave		-988,655
	Transfer from Trust accounts		3,745
	Transfer to Housing operating account		-217,556
	Transfer to Capital Replacement reserve		-1,344,074
			52,520,123
	The information recorded hereunder, in notes 29.6 to 29.10, support the GRAP conversion disclosures and the financial movements for 2008 are available on the Statement of Net Assets on page 4 of these financial statements		
29. 6	**Revaluation Reserve**		
	Implementation of GAMAP		
	Infrastructure previously not recorded credited to Accumulated Surplus/(Deficit)		
	Increase in cost to fair value		
	Transfer from the Statutory funds		23,069,870
	Adjustment to fixed assets		
			23,069,870
29. 7	**Government Grant Reserve**		
	Balance previously reported		-
	Implementation of GAMAP		
	Transferred from Loans Redeemed and other capital receipts		31,663,764
	Adjustment ex Revaluation Reserve		
	Backlog depreciation		-5,223,165
			26,440,599
29. 8	**Capital Replacement Reserve**		
	Balance previously reported		-
	Implementation of GAMAP		
	Transferred from Loans Redeemed and other capital receipts		38,156,735
	Transfer to Capitalisation reserve		-24,337,563
	Transferred from Accumulated Surplus		1,344,074
			15,163,246
29. 9	**Capitalisation Reserve**		
	Balance previously reported		-
	Implementation of GAMAP		
	Transferred from Capital replacement reserve		24,337,563
	Backlog depreciation		-9,550,934
			14,786,629

uMLALAZI MUNICIPALITY

Note 35

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

PROPERTY, PLANT AND EQUIPMENT

	Properties	Investment Properties	Infrastructure	Vehicles	Roads	Storm water	Electrical	Toolbox	Total
Reconciliation of carrying value									
Carrying values at 01 July 2007	62,016,320	-	13,762,392	4,093,897	25,154,834	1,319,954	11,190,160	2,028,909	119,566,426
Cost	65,625,655	-	16,802,308	8,125,513	33,483,269	1,606,317	14,098,036	8,678,343	148,419,441
Cost Revaluation	65,625,655		16,802,308	8,125,513	33,483,269	1,606,317	14,098,036	8,678,343	148,419,441
Accumulated depreciation	-3,609,335	-	-3,039,916	-4,031,616	-8,328,435	-286,403	-2,907,876	-6,649,434	-28,853,015
Cost Revaluation	-3,609,335		-3,039,916	-4,031,616	-8,328,435	-286,403	-2,907,876	-6,649,434	-29,853,015
Acquisitions			5,066,564	535,748	18,188,774	182,271	753,566	753,726	25,500,669
Increases/ (decreases) in revaluation									-
Depreciation	-420,150	-	-506,319	-905,605	-1,588,915	-54,778	-502,284	-807,730	-4,865,779
Based on cost Based on revaluation	-420,150		-506,319	-905,605	-1,588,915	-54,778	-502,284	-807,730	-4,865,779
Carrying value of disposals									
Cost/ revaluation	-984,323		-15,963	-47,546				-1,001,058	-2,048,890
Accumulated depreciation	127,273		302	47,546				909,191	1,084,312
Impairment losses									-
Other movements									-
Carrying values at 30 June 2008	60,739,120	-	18,246,975	3,724,040	41,754,693	1,447,409	11,441,462	1,883,036	139,236,737
	64,641,332	-	21,872,908	8,613,715	51,672,043	1,788,588	14,851,622	8,431,011	171,871,220
Cost Revaluation	64,641,332		21,872,908	8,613,715	51,672,043	1,788,588	14,851,622	8,431,011	171,871,220
Accumulated depreciation	-3,902,212	-	-3,625,933	-4,889,675	-9,917,350	-341,179	-3,410,160	-6,547,975	-32,634,482
Cost Revaluation	-3,902,212		-3,625,933	-4,889,675	-9,917,350	-341,179	-3,410,160	-6,547,975	-32,634,482
Carrying values at 30 June 2008	60,739,120	-	18,246,975	3,724,040	41,754,693	1,447,409	11,441,462	1,883,036	139,236,737

APPENDIX A

uMLALAZI MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2008

EXTERNAL LOANS	Loan	Interest rate	Maturity date	Balance at 30/06/2007 R	Received during the Period R	Redeemed written off during the period R	Balance 30/06/2008 R	Carrying Value of Property Plant & Equipment R	Other Costs in Accordance with the MFMA R
Annuity Loans									
INCA	Mpushini Park roads	16.00%		2,693		-2,693	-		
INCA	Staff housing	16.00%		1,288		-1,288	-		
INCA	Staff housing	16.00%		707		-707	-		
INCA	Staff housing	16.00%		44,379		-44,379	-		
INCA	Roads and streets	16.00%		2,179		-2,179	-		
INCA	High Tension Ring	16.00%		16,938		-16,938	-		
INCA	High Tension Ring	16.00%		48,371		-48,371	-		
INCA	Mpushini Park electricity	16.00%		2,652		-2,652	-		
INCA	Low Voltage Upgrading	16.00%		8,307		-8,307	-		
INCA	High Voltage Upgrading	16.00%		12,133		-12,133	-		
Uthungulu District Municipality	Sub station	16.75%		299,814		-138,565	161,249		
ABSA Bank Ltd	High Tension Ring	18.08%		163,418		-43,492	119,926		
ABSA Bank Ltd	Staff housing	18.08%		24,374		-6,413	17,961		
ABSA Bank Ltd	Roads and streets	18.08%		11,017		-3,091	7,926		
							-		
							-		
							-		
							-		
TOTAL EXTERNAL LOANS				638,270	-	-331,208	307,062		

APPENDIX C

uMLALAZI MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Cost / Revaluation					Accumulated Depreciation					
	Opening Balance 30/06/2007	Additions	Under Construction	Disposals	Closing Balance 30/06/2008	Opening Balance 30/06/2007	Additions	Disposals	Closing Balance 30/06/2008	Carrying Value 30/06/2008	Carrying Value 30/06/2007
	R	R	R	R	R	R	R	R	R	R	R
Council General	70,214,570	2,110,319		-600,994	71,723,895	-2,163,364	-817,560	69,065	-5,911,859	65,812,036	65,051,206
Municipal Manager	273,502	22,829			296,331	-98,399	-23,077		-121,476	174,855	175,103
Town planning and building control	435,757			-504	435,253	-327,941	-25,812	504	-353,249	82,004	107,816
Housing service administration	1,641,886	38,636		-480,287	1,200,235	-462,607	-35,476	127,575	-370,508	829,727	1,179,279
Council administration and political secretariat	1,413,856	348,797			1,762,655	-439,786	-94,059		-533,847	1,228,808	974,070
Museum	210,087	13,073		-50,740	172,420	-116,374	-10,488	50,740	-76,122	96,298	93,713
Libraries	3,501,403	98,460		-3,000	3,596,863	-792,560	-126,070	3,000	-915,660	2,681,203	2,708,843
Town hall	2,717,704	1,240,264			3,957,968	-913,011	-129,873		-1,042,884	2,915,084	1,804,693
Refuse	2,454,176	1,810,733			4,264,909	-930,734	-201,109		-1,131,843	3,133,066	1,523,442
Health	157,092	22,332		-1,503	177,921	-129,764	-13,928	1,503	-142,189	35,732	27,328
Swimming pool	394,828	85,209			480,037	-276,982	-30,691		-307,673	172,364	117,846
Clinic	1,165,962				1,165,962	-429,145	-60,145		-489,290	676,672	736,817
Parks, gardens and estates	1,439,388	60,183		-381,784	1,117,787	-1,027,935	-132,352	356,248	-804,039	313,748	411,453
Protection services	5,011,849	233,255		-301,778	4,943,326	-2,161,072	-461,389	280,383	-2,382,058	2,561,268	2,850,777
Engineers administration	195,848	19,060			214,908	-67,700	-15,411		-83,111	131,797	128,148
Cemeteries	1,103,262				1,103,262	-413,735	-731		-14,466	1,088,796	1,089,527
Airport	14,151				14,151	-3,483	-183		-3,666	10,485	10,668
Chief Financial Officer	3,432,297	167,423		-177,378	3,422,342	-1,777,973	-159,373	144,370	-1,792,976	1,629,366	1,654,324
Roads	4,527	89,656			94,183	-444	-7,020		-7,464	86,719	4,083
Stores	247,968				247,968	-215,401	-8,278		-223,679	24,289	32,567
Electricity administration	15,404,943	769,398		-42,893	16,131,446	-3,916,700	-664,755	42,893	-4,538,562	11,592,884	11,488,243
Workshops	290,820				290,820	-160,182	-24,513		-184,695	106,125	130,638
Public works	36,693,563	18,371,044		-8,030	55,056,577	-9,407,691	-1,823,505	8,030	-11,223,166	43,833,411	27,285,872
										-	-
	148,419,441	25,500,669	-	-2,048,891	171,871,219	-28,853,015	-4,865,778	1,084,311	-32,634,482	139,236,737	119,566,426

APPENDIX D

uMLALAZI MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual Income	2008 Actual Expenditure	2008 (Surplus)/ Deficit	2007 Actual Income	2007 Actual Expenditure	2007 (Surplus)/ Deficit
	R	R	R	R	R	R
Council General	-50,697,157	33,148,287	-17,548,870	-48,925,545	25,955,696	-22,969,849
Municipal Manager	-	2,968,691	2,968,691	-	2,770,331	2,770,331
Town Planning and Building Control	-	398,173	398,173	-	391,149	391,149
Housing Service Administration	-191,527	113,343	-78,184	-203,292	370,937	167,645
Council Administration and Political Secretariat	-76,929	2,418,803	2,341,874	-32,989	2,129,785	2,096,796
Museum	-72,000	332,128	260,128	-72,325	323,847	251,522
Libraries	-15,452	745,209	729,757	-12,756	710,012	697,256
Town Hall	-	972,785	972,785	-	1,320,774	1,320,774
Refuse	-4,427,327	5,918,553	1,491,226	-4,566,447	5,812,954	1,246,507
Health	-1,562,656	2,213,338	650,682	-958,274	1,512,966	554,692
Swimming Pool	-	687,899	687,899	-	619,380	619,380
Clinic	-2,364,449	2,621,152	256,703	-1,858,572	2,338,817	480,245
Parks, Gardens and Estates	-2,844,249	6,099,178	3,254,929	-3,184,310	6,209,685	3,025,375
Protection Services	-2,751,057	6,555,191	3,804,134	-4,014,606	6,893,083	2,878,477
Engineer's Administration	-328,471	729,201	400,730	-140,870	523,575	382,705
Cemeteries	-130,301	146,277	15,976	-65,987	134,933	68,946
Airport	-	-	-	-	-	-
Chief Financial Officer	-1,432,462	4,866,115	3,433,653	-1,844,137	4,308,292	2,664,155
Roads	-3,493,401	5,920,579	2,427,178	-3,071,420	8,412,308	5,340,888
Stores	-	284,640	284,640	-	340,223	340,223
Electricity Administration	-20,993,276	16,421,895	-4,571,381	-21,274,909	17,994,214	-3,280,695
Workshops	-	312,817	312,817	-	335,738	335,738
Public Works	-	-	-	-	-	-
Total	-91,380,714	93,874,254	2,493,540	-90,026,439	89,408,699	-617,740

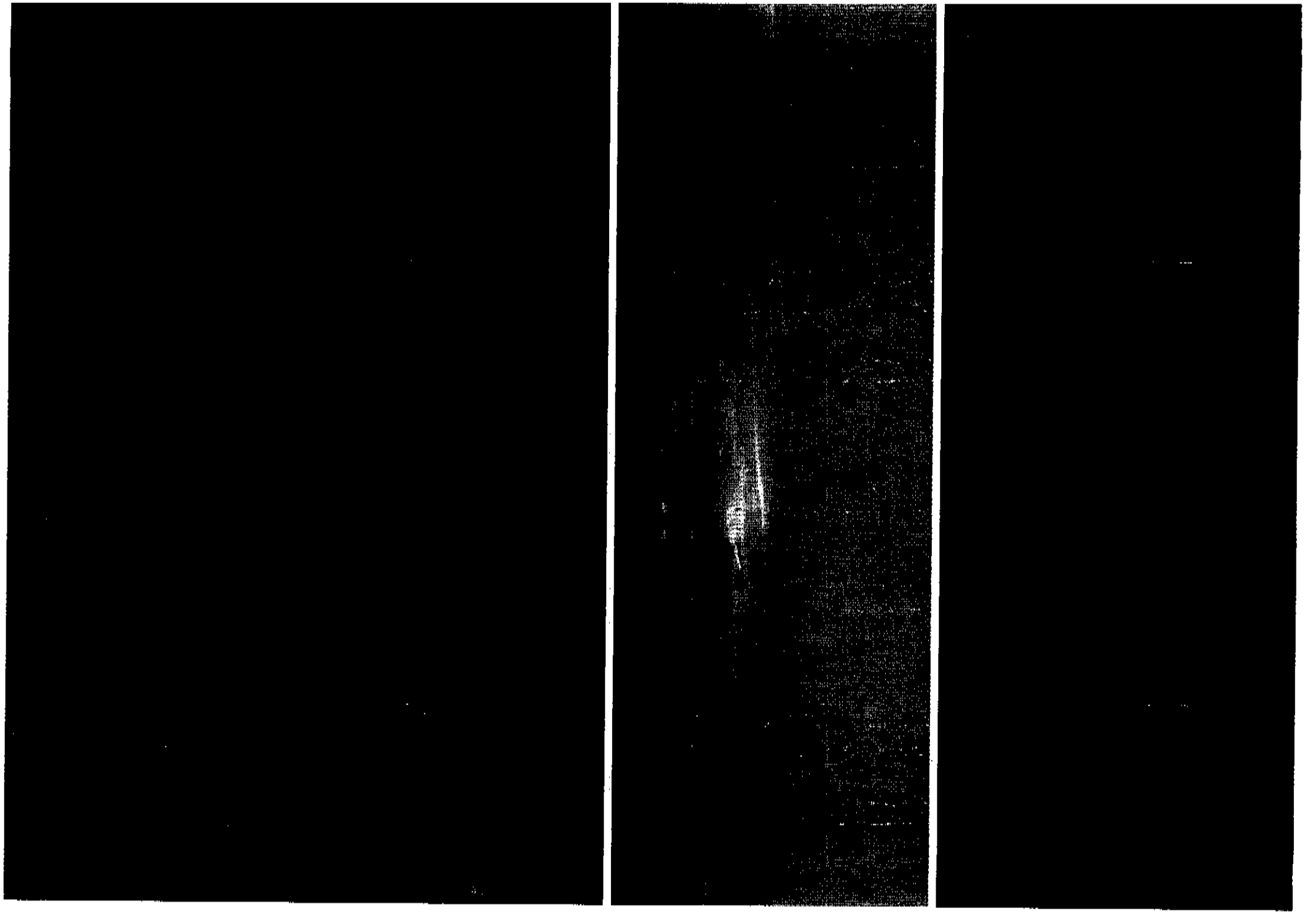
APPENDIX E (2)

uMLALAZI MUNICIPALITY

ACTUAL VERSUS BUDGET - ACQUISITION OF PROPERTY PLANT AND EQUIPMENT

FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual	2008 Under Construction	2008 Total Additions	2008 Budget	2008 Variance	2008 Variance	Explanation of Significant Variances Greater than 5% versus Budget
	R	R	R	R	R	%	
Council General	2,110,319		2,110,319	2,412,000	301,681	12.51	Some sportsfields carried over to 2009
Municipal Manager	22,829		22,829	25,000	2,171	8.68	Budget not spent
Town Planning and Building Control	-		-	-	-		
Housing Service Administration	38,636		38,636	95,000	56,364	59.33	Budget not spent
Council Administration and Political Secretariat	348,797		348,797	356,000	7,203	2.02	
Museum	13,073		13,073	21,000	7,927	37.75	Display furniture not purchased
Libraries	98,460		98,460	3,616,000	3,517,540	97.28	Provincial Services moved budget to 2009
Town Hall	1,240,264		1,240,264	1,300,000	59,736	4.60	
Refuse	1,810,733		1,810,733	57,243	-1,753,490	-3,063.24	R1 760 000 - Refuse site rehabilitation
Health	22,332		22,332	23,000	668	2.90	
Swimming Pool	85,209		85,209	99,000	13,791	13.93	Budget not spent
Clinic	-		-	-	-		
Parks, Gardens and Estates	60,183		60,183	69,000	8,817	12.78	Budget not spent
Protection Services	233,255		233,255	970,000	736,745	75.95	Mtunzini Fire Station moved to 2009
Engineer's Administration	19,060		19,060	20,000	940	4.70	
Cemeteries	-		-	-	-		
Airport	-		-	-	-		
Chief Financial Officer	167,423		167,423	178,000	10,577	5.94	Budget not spent
Roads	89,656		89,656	95,000	5,344	5.63	Budget not spent
Stores	-		-	-	-		
Electricity Administration	769,396		769,396	819,240	49,844	6.08	Budget not spent
Workshops	-		-	-	-		
Public Works	18,371,044		18,371,044	22,712,021	4,340,977	19.11	Industrial are infrastructure moved to 2009
	25,500,669	-	25,500,669	32,867,504	7,366,835	22.41	





APPENDIX F

UMLALAZI MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

FOR THE YEAR ENDED 30 JUNE 2008

Grants and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed/withheld	Reason for delay / withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	reason for non-compliance
		April to June 2007	July to Sept 2007	Oct to Dec 2007	Jan to Mar 2008	April to June 2008	April to June 2007	July to Sept 2007	Oct to Dec 2007	Jan to Mar 2008	April to June 2008				
		1	2	3	4	5	1	2	3	4	5				
Programme Support	1	2167.74					13,800.00	1,561.85	1,993.19			NO	N/A	YES	N/A
PMS Human Resources	5						5,644.82		3,513.00			NO	N/A	YES	N/A
Capacity Building : GIS	6						71,690.00			4,202.66		NO	N/A	YES	N/A
Capacity Building : GIS	6						60,000.00					NO	N/A	YES	N/A
Development Administrator	7							24,726.23	27,716.66	66,359.12		NO	N/A	YES	N/A
I D P Review	9											NO	N/A	YES	N/A
Development Administrator	10						29,276.91					NO	N/A	YES	N/A
Capacity Building : MDPCR	11						4,404.00					NO	N/A	YES	N/A
Capacity Building : MDPCR	11						70,000.00					NO	N/A	YES	N/A
I D P Review	12											NO	N/A	YES	N/A
I D P Revision	13											NO	N/A	YES	N/A
Anti Corruption	14						15,600.00	12,001.60	12,084.60	7,000.00	4,028.00	NO	N/A	YES	N/A
Workers Programme	16						6,388.46	5,217.27	470.32	295.19	4,176.76	NO	N/A	YES	N/A
Municipal Development Infrastructure	17					7,716.74					31,500.00	NO	N/A	YES	N/A
L U M S - Mtunzini	18							20,000.00			20,000.00	NO	N/A	YES	N/A
	23											NO	N/A	YES	N/A
Municipal Finance Management Act	24						117,497.10	21,567.20				NO	N/A	YES	N/A
Inter Departmental Monitoring	25											NO	N/A	YES	N/A
I D P Review & Development Plan	31										51,783.70	NO	N/A	YES	N/A
L U M S - Spatial	32						3,560.64					NO	N/A	YES	N/A
L U M S - Ward 17	33						30,000.00	66,000.00		50,000.00	30,000.00	NO	N/A	YES	N/A
I D P Review & Amendmant	37			60,000.00				50,000.00		342,000.00	75,000.00	NO	N/A	YES	N/A
L U M S - Development Plan	38						136,595.20	64,124.00	10,842.11	113,589.51	960.00	NO	N/A	YES	N/A
M A P	39	18919.41							159,841.65			NO	N/A	YES	N/A
Internal Control Units	40	5841.68					15,793.33	68,231.66	39,980.02	25,260.85		NO	N/A	YES	N/A
Organisational Structure	41	5192.73					110,000.00	32,364.00	6,387.50		18,000.00	NO	N/A	YES	N/A
Public Participation	42	9956.91				4,224.14						NO	N/A	YES	N/A
Financial Management	43											NO	N/A	YES	N/A
Municipal Infrastructure - M I I P	46	2481.06				18,704.37						NO	N/A	YES	N/A
Integration with REDS	47	13681.44				16,120.21						NO	N/A	YES	N/A
GING T L C - Systems Improvemant	Ging										6,432.83	NO	N/A	YES	N/A
GING T L C - I D P Switchboard	Ging	9008.89					10,517.07			19,470.00	2,517.37	NO	N/A	YES	N/A
												NO	N/A	YES	N/A
NATIONAL TREASURY															
MSIG : 2006/2007	15	26971.38					214,619	81,000	43,739	172,138	36,112	NO	N/A	YES	N/A
MSIG : 2007/2008	16		367,000	367,000				373,572	360,428			NO	N/A	YES	N/A
Project Consolidate - Housing Unit	19	19044.87				15,045	9,000	44,193		40,790	21,000	NO	N/A	YES	N/A
Project Consolidate - Landfill Site	20	30089.2				30,690	494,585					NO			
Budget Reform	34	17004.45						24,300	72,993			NO	N/A	YES	N/A
M I G	35		2,300,000	1,600,000	4,639,687		1,016,338	761,416	2,312,833	17,064,799	4,917,937	NO	N/A	YES	N/A
Financial Management Grant : 06/07	44	15391.51				59,163		32,000	116,394	196,619	146,286	NO	N/A	YES	N/A
Financial Management Grant : 07/08	44			600,000							22,800	NO	N/A	YES	N/A
Project Consolidate - KZN Rail Route	45	46289.62				221,039		993,288				NO	N/A	YES	N/A
KZN Housing															
Housing Plan	27								28,169.97			NO	N/A	YES	N/A
Sunnydale Housing	35											NO	N/A	YES	N/A
		199,791	2,667,000	1,967,000	4,639,687	325,937	1,737,741	2,311,339	3,936,548	17,476,548	5,186,114				
DEVELOPMENT BANK															
Plani & Int Performance Management	29									12,063.99		NO	N/A	YES	N/A
UDM															
Capacity Building	22											NO	N/A	YES	N/A
Municipal Systems Improvement	29											NO	N/A	YES	N/A
Capacity Building	30						66,632.00	30,660.60	4,380.00	12,566.64	52,916.11	NO	N/A	YES	N/A
						2,999,029					27,826,136				
					9,324,677.38					34,461,762.36					

APPENDIX E (1)

uMLALAZI MUNICIPALITY

ACTUAL COMPARED WITH BUDGETED REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2008

	Actual 2008	Budget 2008	Variance 2008	Variance 2008	Explanation of significant Variance greater than 10% versus Budget
	R	R	R	%	
REVENUE					
Property rates	-22,671,198	-33,085,332	10,414,134	-31.48%	No revenue from rural trust land
Property rates- penalties imposed and collection charges	-797,388	-1,599,030	801,642	-50.13%	Act does not provide for collection charges
Service charges	-17,497,206	-19,929,660	2,432,454	-12.21%	Less electricity sold
Rental of facilities and equipment	-1,414,399	-1,480,749	66,350	-4.48%	
Interest earned- external investments	-857,681	-1,081,500	223,819	-20.70%	Less funds available for investment
Interest earned- outstanding debtors	-	-	-	0.00%	
Fines	-1,184,723	-1,632,869	448,146	-27.45%	TMT staff shortages
Licences and permits	-1,798,760	-1,849,232	50,472	-2.73%	
Government grants and subsidies	-33,280,970	-37,813,276	4,532,306	-11.99%	Less grants received
Other income	-6,364,036	-6,337,058	-26,978	0.43%	
Public contributions, donated/contributed PPE	-	-	-	0.00%	
Gains on disposal of property, plant and equipment	-2,728,667	-	-2,728,667	0.00%	
Depreciation recovered from reserves	-2,785,686	-	-2,785,686	0.00%	
Total Revenue	-91,380,714	-104,809,706	13,427,992	-12.81%	
EXPENDITURE					
Council General	33,148,287	41,790,266	-8,641,979	-20.68%	Less spent on grant votes
Municipal Manager	2,968,691	3,102,973	-134,282	-4.33%	
Town Planning and Building Control	398,173	381,300	16,873	4.43%	
Housing Service Administration	113,343	253,017	-139,674	-55.20%	Loan redemptions not operating expenditure
Council Administration and Political Secretariat	2,418,803	2,477,342	-58,539	-2.36%	
Museum	332,128	384,759	-52,631	-13.68%	Job evaluation not implemented
Libraries	745,209	811,208	-65,999	-8.14%	
Town Hall	972,785	894,693	78,092	8.73%	
Refuse	5,918,553	6,236,439	-317,886	-5.10%	
Health	2,213,338	2,301,214	-87,876	-3.82%	
Swimming Pool	687,899	684,641	3,258	0.48%	
Clinic	2,621,152	2,758,289	-137,137	-4.97%	
Parks, Gardens and Estates	6,099,178	6,226,124	-126,946	-2.04%	
Protection Services	6,555,191	6,814,648	-259,357	-3.81%	
Engineer's Administration	729,201	901,311	-172,110	-19.10%	MIG not spent (PMU)
Cemeteries	146,277	161,462	-15,185	-9.40%	
Airport	-	-	-	0.00%	
Chief Financial Officer	4,866,115	5,735,869	-869,754	-15.16%	Job evaluation not implemented
Roads	5,920,579	6,188,052	-267,473	-4.32%	
Stores	284,640	307,195	-22,555	-7.34%	
Electricity Administration	16,421,895	15,945,922	475,973	2.98%	
Workshops	312,817	310,192	2,625	0.85%	
Public Works	-	-	-	0.00%	
Total Expenditure	93,874,254	104,666,816	-10,792,562	-10.31%	
NET (SURPLUS)/ DEFICIT FOR THE YEAR	2,493,540	-141,890	2,635,430		

APPENDIX C

uMLALAZI MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Cost / Revaluation					Accumulated Depreciation					
	Opening Balance 30/06/2007	Additions	Under Construction	Disposals	Closing Balance 30/06/2008	Opening Balance 30/06/2007	Additions	Disposals	Closing Balance 30/06/2008	Carrying Value 30/06/2008	Carrying Value 30/06/2007
	R	R	R	R	R	R	R	R	R	R	R
Council General	70,214,570	2,110,319		-600,994	71,723,895	-5,183,364	-817,560	69,065	-5,911,859	65,812,036	65,031,206
Municipal Manager	273,502	22,829			296,331	-98,399	-23,077		-121,476	174,855	175,103
Town planning and building control	435,757			-504	435,253	-327,941	-25,812	504	-353,249	82,004	107,816
Housing service administration	1,641,886	38,636		-480,287	1,200,235	-462,607	-35,476	127,575	-370,508	829,727	1,179,279
Council administration and political secretariat	1,413,858	348,797			1,762,655	-439,788	-94,059		-533,847	1,228,808	974,070
Museum	210,087	13,073		-50,740	172,420	-116,374	-10,488	50,740	-76,122	96,298	93,713
Libraries	3,501,403	98,460		-3,000	3,596,863	-792,590	-126,070	3,000	-915,660	2,681,203	2,708,813
Town hall	2,717,704	1,240,264			3,957,968	-913,011	-129,873		-1,042,884	2,915,084	1,804,693
Refuse	2,454,176	1,810,733			4,264,909	-930,734	-201,109		-1,131,843	3,133,066	1,523,442
Health	157,092	22,332		-1,503	177,921	-129,764	-13,928	1,503	-142,189	35,732	27,328
Swimming pool	394,828	85,209			480,037	-276,982	-30,691		-307,673	172,364	117,846
Clinic	1,165,962				1,165,962	-428,145	-60,145		-488,290	676,672	736,817
Parks, gardens and estates	1,439,388	60,183		-381,784	1,117,787	-1,027,935	-132,352	356,248	-804,039	313,748	411,453
Protection services	5,011,849	233,255		-301,778	4,943,326	-2,181,072	-461,369	280,383	-2,362,058	2,581,268	2,830,777
Engineers administration	195,848	18,060			214,908	-67,700	-15,411		-83,111	131,797	128,148
Cemeteries	1,103,262				1,103,262	-313,735	-731		-14,466	1,088,796	1,089,527
Airport	14,151				14,151	-3,483	-183		-3,666	10,485	10,668
Chief Financial Officer	3,432,297	167,423		-177,378	3,422,342	-1,777,973	-159,373	144,370	-1,792,976	1,629,366	1,654,324
Roads	4,527	89,656			94,183	-444	-7,020		-7,464	86,719	4,083
Stores	247,968				247,968	-215,401	-8,278		-223,679	24,289	32,567
Electricity administration	15,404,943	769,396		-42,893	16,131,446	-3,916,700	-664,756	42,893	-4,538,562	11,592,884	11,488,243
Workshops	290,820				290,820	-160,182	-24,513		-184,695	106,125	130,638
Public works	36,693,563	18,371,044		-8,030	55,056,577	-9,407,691	-1,823,305	8,030	-11,223,166	43,833,411	27,285,872
									-	-	-
	148,419,441	25,500,669	-	-2,048,891	171,871,219	-28,659,015	-4,865,778	1,084,311	-32,634,482	139,236,737	119,566,426

APPENDIX B

uMLALAZI MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2008

	Cost / Revaluation					Accumulated Depreciation					
	Opening Balance 30/06/2007	Additions	Under Construction	Disposals	Closing Balance 30/06/2008	Opening Balance 30/06/2007	Additions	Disposals	Closing Balance 30/06/2008	Carrying Value 30/06/2008	Carrying Value 30/06/2007
	R	R	R	R	R	R	R	R	R	R	R
Properties	65,625,655			-984,323	64,641,332	-3,609,335	-420,150	127,273	-3,902,212	60,739,120	62,016,320
Investment properties									-	-	-
Infrastructure	16,802,308	5,086,584		-15,963	21,872,909	-3,039,916	-586,319	302	-3,625,933	18,246,976	13,762,392
Vehicles	8,125,513	535,748		-47,546	8,613,715	-4,031,618	-905,605	47,546	-4,889,675	3,724,040	4,093,897
Roads	33,483,269	18,188,774			51,672,043	-8,328,435	-1,588,915		-9,917,350	41,754,693	25,154,834
Storm water	1,606,317	182,271			1,788,588	-286,403	-54,776		-341,179	1,447,409	1,319,914
Electrical	14,098,036	753,586			14,851,622	-2,907,876	-502,284		-3,410,160	11,441,462	11,190,160
Toolbox	8,678,343	753,726		-1,001,059	8,431,010	-6,649,434	-807,730	909,191	-6,547,973	1,883,037	2,028,909
	148,419,441	25,500,689	-	-2,048,891	171,871,219	-28,853,015	-4,865,779	1,084,312	-32,634,482	139,236,737	119,566,426

UMLALAZI MUNICIPALITY

Note 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

GOVERNMENT GRANTS AND SUBSIDIES

	GR	Balance unspent at 30/06/2006	Received during 2006	Interest earned 2006	Conditions met transferred to revenue	Balance unspent at 30/06/2007	Received during 2007	Interest earned 2007	Conditions met transferred to revenue	Balance unspent at 30/06/2008
		R	R	R	R	R	R	R	R	R
DPLGA										
Programme support	1	-			-3,575	3,575		12,043	-34,200	25,732
PMS Human Resources	5	18,082			-3,513	21,595			-6,645	29,240
Capacity Building : GIS	6	-	50,000		-54,202	4,202	50,000		-90,577	44,779
Development Administrator	7	-			-118,000	118,000				118,000
I D P Review	9	-				-			-24,599	24,599
Development Administrator	10	-			-4,095	4,095			-95,905	100,000
Capacity Building : MDPCR	11	56,493	70,000		-70,000	56,493	70,000		-93,507	80,000
I D P Review	12	-				-			-45,565	45,565
I D P Revision	13	-				-			-1,485	1,485
Anti Corruption	14	12,260			-35,093	47,453			-63,034	110,487
Workers Programme	16	-			-10,122	10,122			-22,633	32,755
Municipal Development Infrastructure	17	76,247		7,797	-31,500	100,000				100,000
L U M S - Mtunzini	18	-			-45,000	40,000			-70,000	110,000
Municipal Finance Management Act	24	-			-5,769	5,769			-139,231	145,000
Inter Departmental Monitoring	25	-				-			-40,000	40,000
I D P Review & Development Plan	31	-				-			-50,000	50,000
L U M S - Spatial	32	14,656			-61,784	76,440			-3,560	80,000
L U M S - Ward 17	33	-			-135,000	135,000			-135,000	270,000
I D P Review & Amendment	37	100,000	50,000			50,000				50,000
L U M S - Development	38	-			-160,000	160,000			-40,000	200,000
M A P	39	-			-179,295	179,295		18,519	-338,224	500,000
Internal Control Units	40	-			-155,642	155,642		5,642		150,000
Organisational Structure	41	-			-109,753	109,753		5,153	-32,400	137,000
Public Participation	42	9,740		4,225	-58,732	84,247		8,857	-184,710	250,000
Financial Management	43	-				-			-100,000	100,000
Municipal Infrastructure - M I I P	46	221,185		18,704		202,481		2,481		200,000
Integration with R E D S	47	178,801		15,120		163,681		13,681		150,000
Glng T L C - Systems Improvement		5,438			-6,432	11,870			-188,130	200,000
Glng T L C - I D P Switchboard		-			-21,987	21,987		9,007	-137,477	150,457
		692,972	170,000	45,786	-1,282,494	1,739,700	120,000	75,483	-3,947,882	3,492,099
NATIONAL TREASURY										
M S I G	15	232,479	734,000	26,972	-1,089,502	561,009	734,000		-575,500	402,509
Project Consolidate - Housing Unit	19	333,739		34,577	-105,983	405,145		15,045	-9,900	400,000
Project Consolidate - Landfill Site	20	164,542		30,690		133,852		30,089	-696,237	800,000
Budget Reform	34	-			-97,192	97,192		95,961	-446,689	449,900
M I G	35	906,164	11,248,096	271,263	-13,646,950	3,032,753	8,723,356		-5,690,603	-
Financial Management Grant	44	536,335	500,000	56,202	-514,882	493,115		16,392	-22,277	500,000
Project Consolidate - KDS Bus Route	45	2,702,069	2,000,000	221,039	-993,286	1,474,316		46,280	-71,874	1,500,000
		4,874,328	14,482,096	642,743	-16,447,895	5,197,382	8,457,356	202,797	-7,515,180	4,052,409
DEVELOPMENT BANK OF SA LTD										
Plant & Int Performance Management	23	-			-12,084	12,084			-193,336	205,420
DEPARTMENT OF HOUSING										
Housing Plan	27	14,400			-28,170	42,570			-52,534	95,104
						-				
		14,400	-	-	-28,170	42,570	-	-	-52,534	95,104
UTHUNGULU DISTRICT MUNICIPALITY										
Capacity Building	22	-				-			-24,816	24,816
Municipal Systems Improvement	29	-				-			-40,956	40,956
Capacity Building	30	107,866		13,009	-89,811	184,468			-101,532	285,000
		107,866	-	13,009	-89,811	184,468	-	-	-167,304	351,772
		5,889,366	14,652,096	701,518	-17,840,454	8,176,204	8,577,356	278,280	-9,876,236	8,196,804

Some of these amounts are invested in a ring fenced investment until utilised.

UMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

		2008 R	2007 R
29. 10	Donations and Public Contributions Reserve		
	Balance previously reported	-	-
	Implementation of GAMAP		
	Transferred from Loans Redeemed and other capital receipts		146,169
	Transferred from Trust Funds and Reserve accounts		2,181,266
	Backlog depreciation		-160,428
			2,167,007
29. 11	Housing Operating Account		
	Balance previously reported		
	Transferred from Trust Accounts		4,345,683
	Transferred from Accumulated Surplus		217,556
	Transferred from Loans Redeemed and other capital receipts		4,420,008
			8,983,247
29. 12	Trust funds and Reserve Accounts		
	Balance previously reported		6,530,694
	Transfer to Housing operating account		-4,345,683
	Transferred to Donations and Public Contributions Reserve		-2,181,266
	Transferred to Accumulated Surplus		-3,745
			-

30. POST RETIREMENT MEDICAL BENEFITS

The Council operates a defined medical aid benefit scheme for the benefit of its permanent employees. Post-retirement medical aid benefits are offered to all employees by subsidising a portion of the medical aid contribution after retirement.
An actuarial valuation was carried out at 30 June 2007 and the full liability has been raised which relates to retired employees and existing employees. The main assumptions used by the actuary are:

Discount rate per annum	8.00%	8.00%
Health care cost inflation rate	6.50%	6.50%
Net effective discount rate	1.41%	1.41%
Benchmark inflation (equal to salary inflation)	6.00%	6.00%
Accrued liability at 30 June 2008	5,134,944	4,466,351
Future - service cost	288,000	270,084
Interest cost	535,000	352,560
Expected benefits payments	-118,000	-111,000
Actuarial loss (gain)	-	156,949
Total annual expense	705,000	668,593
Projected accrued liability at 30 June 2009	5,839,944	5,134,944
Long term liability	5,134,944	4,466,351
Current portion of long term liability	-288,000	-270,084
Long term	4,846,944	4,196,267

31. LONG SERVICE AWARDS AND RETIREMENT GIFTS

The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service and a retirement gift determined by reference to length of service.
An actuarial valuation was carried out at 30 June 2006 and the full liability has been raised. The main assumptions used by the actuary are:

Discount rate per annum	8.00%	8%
General salary inflation rate (long term)	6.00%	6%
Net effective discount rate	1.89%	2%
Retirement gift inflation (long term)-CPI increases	5.00%	5%
Accrued liability at 30 June 2006	1,361,354	1,182,630
Future - service cost	88,632	90,663
Interest cost	135,881	90,308
Expected benefits payments	-245,395	-107,569
Actuarial loss (gain)	-	105,322
Total annual expense	-10,883	178,724
Projected accrued liability at 30 June 2009	1,350,471	1,361,354
Long term liability	1,361,354	1,182,630
Current portion of long term liability	-95,632	-90 663
Long term	1,262,722	1,091,967

32. SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION

Membership	112,793	95,113
Bargaining Council	22,823	20 430
	135,616	115,543

33. SOUTH AFRICAN REVENUE SERVICES

Paye	3,714,952	3,613,340
Value Added Taxation	-	1,278,787
Skills Development Levy	254,178	268,148
	4,869,166	5,160,275

34. REFUSE SITE REHABILITATION

Long term portion	1,760,000	-
Short term portion	-	-
	1,760,000	-

Provision has been made for the estimated costs of rehabilitating the council's refuse site. The estimated costs have been determined by the Council's consulting engineers.

uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008	2,007
	R	R
EMPLOYEE RELATED COSTS		
Salaries and allowances	23,002,691	20,249,369
Contributions to UIF, group life, pensions and medical aids	5,644,052	4,874,050
Travel, motor car, accommodation, subsistence and other allowances	989,643	1,193,868
Housing benefits and allowances	285,670	539,019
Overtime payments	1,192,976	1,182,944
Performance bonus	-	-
Long service awards	166,574	-
Protective clothing	206,507	66,566
Workmen's' compensation	-	168,131
Skills development levy	260,786	266,148
	31,748,899	**28,542,115**

There were no advances to employees

28. OPERATING LEASE PAYMENTS

Council has concluded operating lease agreements with its suppliers which are required to be paid in instalments as follows:

In the year ending 30 June 2008	228,287	357,500
In the year ending 30 June 2009	-	228,287
In the year ending 30 June 2010		
In the year ending 30 June 2011		
In the year ending 30 June 2012		
In the year ending 30 June 2013		
	228,287	**585,787**

29. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of Generally Accepted Municipal Accounting Practice:

29. 1 Statutory Funds

Balances previously reported	
Consolidated Capital Development Fund	15,441,272
Public Improvement Fund	73,306,178
Loan Redemption Fund	
Implementation of GAMAP	
Transfer to the Capital replacement reserve	-38,156,735
Transfer to the Capitalisation reserve	-
Transfer to the Accumulated surplus	-27,520,845
Transfer to the Revaluation reserve	-23,069,870
	-0

29. 2 Loans Redeemed and Other Capital Receipts

Balances previously reported	77,694,247
Implementation of GAMAP	
Transfer to the Government Grants reserve	-31,663,764
Transfer to the Donations and Public contributions reserve	-146,169
Transfer to the Accumulated surplus	-41,464,305
Transfer to the Housing operating account	-4,420,008
	-

29. 3 Property, Plant and Equipment

Balances previously reported	146,419,441
Implementation of GAMAP	
Infrastructure previously not recorded credited to Revaluation Reserve	
Increase in cost to fair value	
	146,419,441

uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2,007 R
Conclusion		
The actuary is satisfied that the self-insurance arrangement is appropriate for the Fund, the asset composition of the Fund is appropriate to the nature of the liabilities, the contributions being paid to the Fund, including the surcharges are sufficient to meet the shortfall by 30 June 2010 and based on the revised assumptions, which allow for the improving pensioner mortality, an extension of the surcharge for a further two years is necessary		
24. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	27,813,113	31,592,201
Provincial health subsidies	2,364,449	1,915,180
Department Of Tradicional and Local Government Affairs	3,031,238	4,073,664
Provincial Administration	72,170	72,325
Total Government Grant and Subsidies	33,280,970	37,653,370
Equitable share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R 48.80, which is funded from this grant.	28,118,000	31,752,184
Savings in 2007 brought forward	159,983	
Transferred to revenue	-27,813,113	-31,592,201
Unallocated transferred to creditors	464,870	159,983
Provincial health subsidies		
Current year receipts - included in public health vote	2,364,449	1,915,180
Conditions met - transferred to revenue	-2,364,449	-1,915,180
Conditions still to be met - transferred to liabilities	-	-
The Municipality renders health services on behalf of the Provincial Government and is refunded as follows:		
Surgical sundries 100%		
Stores 100%		
Equipment 100%		
Subsistence and travel, transport and travelling 100%		
Miscellaneous 100%		
Personnel Based on sliding scale		
The grant has been used exclusively to fund clinic services. The conditions of the grant have not been met. There are no delays or withholding of the subsidy.		
Department Of Tradicional and Local Government Affairs		
Current year receipts	3,031,238	4,073,664
Conditions met - transferred to revenue	-3,031,238	-4,073,664
Conditions still to be met - transferred to liabilities	-	-
Provincial Administration		
Current year receipts	72,170	72,325
Conditions met - transferred to revenue	-72,170	-72,325
Conditions still to be met - transferred to liabilities	-	-
25. BULK PURCHASES		
Electricity	11,652,496	10,721,275

UMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2,007 R
17. ACCUMULATED SURPLUS		
Accumulated surplus (deficit) at the beginning of the year	47,507,787	3,286,622
Operating (deficit) surplus for the year	-2,511,544	617,740
Appropriations for the year :		
Prior year adjustments	-252,065	-3,267,717
Liability raised for post retirement medical benefits	-	-4,466,351
Liability raised for long service awards and retirement gifts	-	-1,182,630
Liability raised for refuse site rehabilitation		
Backlog depreciation	-	-28,853,015
Offsetting of backlog depreciation ex reserves	-	14,934,527
Financing of acquisitions ex reserves	4,126,919	-
Transfer to Housing Operating Account	-	-217,556
Depreciation recovered from Housing operating account	-	-
Liability raised for change in accrued leave on the implementation of GAMAP		-988,655
Transfer from various sources on the implementation of GAMAP	-	87,644,822
Accumulated Surplus at end of Year	**48,873,097**	**47,507,787**
18. CASH GENERATED BY OPERATIONS		
(Deficit) surplus for the year (per note 17)	-2,511,544	617,740
Adjustments for		
Previous year's operating transactions	-252,065	-3,267,717
Depreciation	4,865,779	-
Depreciation recovered from reserves	-2,785,686	-
Appropriations charged against income :		
Provisions and reserves - leave	479,614	-2,139,972
Provisions and reserves - bad debts	1,220,589	-
Surplus on sale of assets	-2,716,645	-
Capital charges :		
Interest paid :		
- on external funds	97,136	247,810
Investment income (operating account)	-1,469,397	-1,537,666
Non-operating income:		
Income credited to Reserves/provisions/other	14,570,966	5,211,791
Non-operating expenditure:		
Expenditure charged against Housing Operating Account	-14,397	-
Expenditure charged against provision for bad debts	-902,852	-1,471,597
Expenditure charged against provision for leave	-431,453	-
Expenditure charged against reserves	-627,108	-
	9,522,937	**-2,339,611**
19. (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / decrease in inventory	2,109	-134,799
(Increase) / decrease in debtors, long term debtors	-4,007,133	3,074,819
Increase / (decrease) in creditors	-1,810,678	11,068,779
Increase/(decrease) in unspent conditional grants and receipts	-2,486,838	-
Increase/(decrease) in consumer deposits	3,945	51,582
	-8,298,595	**14,060,381**
	1,224,342	**11,720,770**
20. INCREASE /(DECREASE) IN LONG TERM LOANS (EXTERNAL)		
Loans raised	-	39,700
Loans repaid	-331,208	-1,360,639
	-331,208	**-1,320,939**
21. (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments realised	34,932,426	102,771,164
Investments (invested)	-23,339,317	-108,338,247
	11,593,111	**-5,567,083**

umLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2,007 R
8. CREDITORS		
Trade creditors	5,604,100	6,332,326
Deposits - other	68,467	165,052
Salary suspense	224,341	88,626
Retention monies	686,745	375,006
Unclaimed monies	-	427,114
Value added taxation	111,626	1,323,967
Staff leave	1,360,615	1,365,039
E card replacements	4,073	-
Payments received in advance	796,439	609,324
	8,855,806	10,686,484

VAT is payable on the receipts basis and is only due to SARS when payments are received from debtors.

9. ASSESSMENT RATES

The last general valuation came into effect on:		
Eshowe	01/07/2006	01/07/2006
Mtunzini	01/07/2006	01/07/2006
Gingindhlovu	01/07/2006	01/07/2006
Rebates:		
Municipal properties		100.00%
Government properties		20.00%
Pensioners		50.00%
Properties with land values of R7 000 and less		100.00%
Industrial incentives		
All undeveloped serviced industrial sites where the industrial developer has provided the full range of Municipal services		
Industrialists are granted incentive rebates on a phased reducing basis over five years		100.00%

	Valuation at 30/06/2008	Valuation at 30/06/2007	Actual income 30/06/2008	Actual income 30/06/2007
Commercial	343,096,900	19,382,780	3,401,057	3,992,312
Residential	1,136,747,800	172,152,770	11,563,593	15,564,988
Education and State	264,735,600		2,720,845	-
Caravan parks		700,000		84,261
Agriculture	256,414,500	333,000	2,494,108	40,436
Light industrial		4,211,000		430,405
Municipal	179,749,000		1,811,384	-
Public benefit	59,642,500		680,211	-
	2,240,385,700	196,779,550	22,671,198	20,112,402
Less: Rebates			-5,895,540	-4,997,338
	2,240,385,700	196,779,550	16,775,658	15,115,064

10. COUNCILLORS' REMUNERATION

Mayor's allowance	434,070	452,577
Deputy Mayor's allowance	313,733	256,384
Speaker's allowance	318,974	195,206
Chief Whip	185,234	-
Executive committee members	1,592,443	1,474,048
Councillors' allowances	6,247,812	5,521,923
	9,092,266	7,900,138

The Mayor, Deputy Mayor, Speaker and Whip are full time and have an office and secretarial support at the cost of the Council. The Mayor has the use of a Council leased vehicle for official duties.

11. AUDITORS' REMUNERATION

Audit fees	828,554	380,988

UMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008	2,007
5. LONG TERM RECEIVABLES	R	R
Land sales	-	37,909
Deposits with creditors	61,800	56,800
Staff housing loans	5,966	5,965
Housing loans	919,826	934,224
	987,592	**1,034,898**
LESS : Current portion of long-term receivables transferred to current assets		
Land sales	-	-37,909
Housing loans	-	-90,119
Staff housing loans	-5,197	-5,966
	-5,197	-133,994
	982,395	**900,904**

Housing selling scheme loans
Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Housing' s programme. The loans are repayable over terms ranging from 5 to 30 years at interest rates varying between 11.25% and 13.5%

6. INVENTORY		
Inventory represents:		
Consumable stores	171,677	203,935
Stationery	214,743	255,222
Electrical maintenance spares	1,095,297	1,023,476
E card replacements	-	1,193
Land and buildings	1,481,717	1,483,826
	-	-
	1,481,717	**1,483,826**

No impairments of the values of inventory have been written off as management considers that all stores are useable and any losses on ultimate realisation are immaterial. Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority

7. RECEIVABLES		
Consumer receivables	20,607,859	13,865,982
Other sundry receivables	414,723	2,787,641
Survey suspense	73,594	70,377
	21,096,176	**16,724,000**
Less: Provision for Bad Debts - Consumers	-1,668,372	-1,350,635
	19,427,804	**15,373,365**

Management have considered the effects of any impairment in the values of outstandings and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstandings

Consumer receivables

Rates, penalties and collection charges	8,316,982	7,779,514
Electricity	1,712,503	1,713,984
Housing	1,468,152	1,414,744
Refuse	863,766	790,317
Sundries	8,226,456	2,167,423
	20,607,859	**13,865,982**

uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

21 **BORROWING COSTS**

Borrowing costs are recognised in the Statement of Financial Performance in the year in which they become payable.

22 **DEPOSITS**

Deposits received from consumers are based on the estimated monthly consumption and are calculated to cover approximately two and one half to four months consumption, taking into consideration each consumer's profile. In the event of a disconnection of service for non payment, the value of the deposit is reviewed and adjusted in terms of the Council's credit control policy. No interest is paid on deposits held.

23 **OPERATING LEASES**

Payments made on operating lease agreements are expensed and charged to the Statement of Financial Performance in the period in which such payments are due. These agreements do not transfer risk and rewards associated with ownership of an asset to the Municipality.

24 **PRIOR YEAR COMPARATIVES**

Prior period comparatives are reclassified when the presentation or classification of items in the annual financial statements is amended.

uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

13 **REVENUE RECOGNITION**

13.1 **Revenue from Exchange transactions**

Service charges for Electricity are based on consumption by consumers as is recorded on each consumers' meter. Meters are read each month and the revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods where meter readings have not been able to be carried out. The revenue from these provisional readings is also recognised as revenue when invoiced. Adjustments to provisional estimates and recognition of the amended revenue arising there from are made in the invoicing period in which meters are read.
Revenue from the sale of electricity prepaid meter cards is recognised in the period in which cash is received.

Service charges for refuse removal are raised and recognised on a monthly basis in arrears and are based on the application of the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month

Interest and rentals are recognised on a time proportion basis

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service has been rendered and the fee has been charged or licences and permits have been issued.

Income from agency services is recognised on a monthly basis once the income collected for agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from the sale of goods is recognised when the risk passes to the consumer.

Revenue from public contributions is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items are brought into use. A liability is raised when a public contribution has been received but all the conditions have not been met.

13.2 **Revenue from Non-exchange transactions**

Revenue from assessment rates is recognised when the legal entitlement arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from the collection of spot fines and summonses is recognised when payment is received.

Donations are recognised when cash is received or when property, plant and equipment is brought into use.

Contributions of property, plant and equipment are recognised when the items are acquired.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible Councillors or officials is virtually certain.

14 **CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.

uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

The costs/revaluations of property, plant and equipment are depreciated using the straight line method over the period of the estimated useful lives of the assets. Depreciation on new acquisitions is charged to the Statement of Financial Performance in the financial year that economic benefits accrue to Council.

The annual depreciation rates are based on the following estimated useful lives of the assets:

	Years		Years
Infrastructure		**Other**	
Roads and paving	30	Buildings	30
Pedestrian malls	30	Specialist vehicles	10
Electricity	20 - 30	Other vehicles	5
Housing	30	Office equipment	3
		Furniture and fittings	7 - 10
Community		Watercraft	15
		Bins and containers	5
Buildings	30	Specialised plant and equipment	10 - 15
Recreational facilities	20 - 30	Other items of plant and equipment	2 - 5
Security	5	Landfill sites	15

The estimated useful lives are periodically reviewed in order to adjust them if they have changed.

Items of Property, Plant and Equipment which are acquired at no cost or for a nominal cost is recognised at their fair values.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is immediately written down to its recoverable amount and the impairment loss is charged to the Statement of Financial Performance in the period that they are identified.

In terms of GAMAP 17 the Council has used the transitional provisions to recognise items of Property, Plant and Equipment, which were not previously recognised, at their fair values.

7 **REVALUATION OF LAND AND BUILDINGS**

Land and buildings are stated in the annual financial statements at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation of buildings.

8 **INVESTMENT PROPERTY**

Investment property, which is property held to earn rental revenue or for capital appreciation, is stated in the annual financial statements at municipal valuation less accumulated depreciation and accumulated impairment losses. Depreciation is determined on the cost of each building using the straight line method over the period of the estimated useful life of the property which is 50 years.

uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

5 **RESERVES**

5.1 **Capital Replacement Reserve (C R R)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the C R R. A corresponding amount is transferred to a designated C R R bank or investment account. The cash in the designated C R R bank account can only be utilised to finance items of property, plant and equipment. The C R R is reduced and the accumulated surplus / (deficit) is credited by a corresponding amount when the amounts in the C R R are utilised.

The amount transferred to the C R R is based on the municipality's need to finance future capital projects which have been identified in the Integrated Development Plan.

5.2 **Capitalisation Reserve**

On the implementation of GAMAP/GRAP, the balances on certain funds, created in terms of the erstwhile Local Authorities Ordinance, 1974 (No. 25 of 1974) that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus / (deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit).
The balance on the Capitalisation Reserve is equal to the carrying value of the items of property, plant and equipment financed from the former legislated funds.
When items of property, plant and equipment are depreciated, an equivalent amount is transferred from the Capitalisation Reserve to the accumulated surplus / (deficit).

When items of property, plant and equipment are disposed of, the balances in the Capitalisation Reserve relating to such items are transferred to the accumulated surplus / (deficit).

5.3 **Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus / (deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.
When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus / (deficit).
The purpose of this policy is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit).

When items of property, plant and equipment financed from government grants are disposed of, the balances in the Government Grant Reserve relating to such items are transferred to the accumulated surplus / (deficit).

uMLALAZI MUNICIPALITY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2,008 R	2,007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from (utilised in) operations	18/19	1,224,342	11,720,770
Interest received		1,469,397	1,537,666
Interest paid		-97,136	-247,810
Net Cash from (utilised in) operating activities		2,596,603	13,010,626
CASH FLOWS FROM (UTILISED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-25,500,669	-10,286,640
Proceeds on disposal of property, plant and equipment		3,681,224	-
(Increases) decrease in non-current investments		-	-
CASH (UTILISED IN) GENERATED FROM INVESTING ACTIVITIES		-19,222,842	2,723,986
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/ (repaid)	20	-331,208	-1,320,939
(Increase) / decrease in cash investments	21	11,593,111	-5,567,083
Increase in liability for retirement and long service gifts	30/31	847,317	-
Increase in liability for refuse site rehabilitation	34	1,760,000	-
Increase / (decrease) in contributions from public/state		-	5,979,041
Net cash generated from / (utilised in) financing activities		13,869,220	-906,981
NET INCREASE (DECREASE) IN CASH EQUIVALENTS		-5,353,622	1,815,005
Cash and cash equivalents			
At the beginning of the year		3,805,080	1,990,075
At the end of the year		-1,548,542	3,805,080
	22	5,353,622	-1,815,005

UMLALAZI MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2008

		Actual		Budget	
	Notes	2008	2007	2008	2007
		R	R	R	R
REVENUE					
Property rates	9	22,671,198	20,112,402	33,085,332	20,130,799
Property rates - penalties imposed and collection charges		797,368	1,152,732	1,599,030	1,584,797
Service charges	16	17,497,206	17,353,169	19,929,660	17,763,371
Rental of facilities and equipment		1,414,399	1,457,515	1,480,749	1,434,375
Interest earned					
External investments		857,661	1,537,666	1,081,500	1,091,700
Outstanding debtors		-	214,759	-	211,468
Fines		1,184,723	2,305,227	1,632,869	1,662,540
Licences and permits		1,798,760	1,717,568	1,849,232	1,790,490
Government grants and subsidies	24	33,280,970	37,853,370	37,813,276	41,949,693
Other income		6,364,036	6,518,011	6,337,058	5,776,001
Depreciation recovered from reserves		2,785,686		-	
Gains on disposal of property, plant and equipment		2,728,667		-	
Total Revenue		91,380,714	90,026,439	104,808,706	93,397,234
EXPENDITURE					
Employee related costs	27	31,748,899	26,542,115	32,636,235	26,406,101
Remuneration of councillors	10	9,092,266	7,900,136	8,899,053	7,800,764
Bad debts	8	320,589	269,259	453,092	650,028
Collection costs		-		-	
Depreciation		4,865,779	9,494,245	4,220,800	9,726,890
Repairs and maintenance		9,554,592	247,810	9,564,818	317,249
Interest paid	12	97,136	10,721,275	213,773	9,562,006
Bulk purchases	25	11,652,497		10,135,727	
Contracted services		-		-	
Retirement and long services benefits	30/31	847,318		1,358,000	
General expenses		25,327,237	31,265,275	36,943,326	35,616,645
Loss on disposal of property, plant and equipment		12,022		-	
Contributions		427,029	1,024,319	276,644	1,152,260
Less: Recharges		-71,110	-75,736	-28,652	-27,952
Total Expenditure		93,874,254	89,406,696	104,666,816	93,204,011
SURPLUS (DEFICIT) FOR THE YEAR		-2,493,540	617,740	141,890	193,223

Refer to Appendix E (1) for the comparison with the approved budget

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APPRECIATION

21. The assistance rendered by the staff of the uMlalazi Municipality during the audit is sincerely appreciated.

Pietermaritzburg

28 November 2008

AUDITOR-GENERAL

• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.	✓	
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.		✓
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		✓
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines (section 126 of the MFMA).	✓	
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.	✓	
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.	✓	
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	✓	
• The prior year's external audit recommendations have been substantially implemented.		✓

Unaudited supplementary schedules

12. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

13. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 *Presentation of Financial Statements*. The supplementary budget information set out on pages ... to ... does not form part of the financial statements and is presented as additional information. Accordingly I do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

14. I have reviewed the performance information as set out on pages xx to xx.

Responsibility of the accounting officer for the performance information

15. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the

REPORT OF THE AUDITOR-GENERAL TO THE KWA-ZULU NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE UMLALAZI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the uMlalazi Municipality which comprise the statement of financial position as at 30 June 2008, statement of financial performance, statement of changes in net assets, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 37-69.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in the accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), and the Division of Revenue Act, 2007 (Act No. 1 of 2007 (DoRA). This responsibility includes:
   - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
   - selecting and applying appropriate accounting policies.
   - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit

Uthungulu District Municipality

Baseline Information				Water and Sanitation Budget				Staffing			Auth.	
Code	Municipality Name	Population	% Households Under R1500	% Piped Water	Actual Revenue	Munic Income Per Capita for W&S	W&S Actual Revenue %	% of W&S Total for 'C'	W&S Staffing	W&S Staffing Per Capita	% of W&S Staffing for 'C'	DPLG	DPLG/DWAF
DC28	uThungulu District Municipality	782791	62.9	33.1	104594000	137			417	1829			
KZ284	Umlalazi Municipality	231023	73.1	18.0	7576000	33	18.1	7.2	45	5134	10.8	N	N

		Disclaimer						
		Functional billing system in place	YES					
5	Municipal Property Rates Act	Property Rates Policy	YES					
		Valuation Role	YES					
6	Basic Services	Backlog study completed and verified by Statistics South Africa	NO					QUALITY OF LIFE SURVEY CONDUCTED
		Municipal Infrastructure Implementation Strategy for 5 years	YES					
		Indigent Register	YES					
		Housing Strategy to eradicate informal setlements	YES					
7	Good Governance	Consultation and Public Participation Framework in place	YES					
		Customer Complaints system	YES					
		Traditional Leadership consultation and participation programme	YES					
		Conducted customer satisfaction surveys	YES					QUALITY OF LIFE SURVEY CONDUCTED

		Development Planning						MANAGER CORPORATE SERVICES
		Other	MPS					MANAGER PROTECTION SERVICES
Number senior management posts (Section 57 only) occupied by PDI						12		
Number senior management (Section 57 only) posts occupied by women	Numbers must exclude the Municipal Manager position		Number					
Number senior management posts (Section 57 only) occupied by disabled			Number	3 OUT OF 6				
			Number	0 OUT OF 6				
			Number	0 OUT OF 6				

		Competency Framework developed for the Council	YES					
3	Implementing organograms	Approved Organogram	YES					
		Municipal organogram aligned to allocated and assigned powers and functions	YES					
		Number total posts vacant at the end of the financial year	Number	4/304				
		Municipal Manager post filled at the end of the financial year (EXCLUDING acting and not suspended)	YES					
		Municipal Manager post occupied by PDI	NO					
		Municipal Manager post occupied by women	NO					

MUNICIPAL PERFORMANCE STATUS REPORT

2007/2008 ANNUAL MUNICIPAL PERFORMANCE REPORT

COMPLIANCE CHECK QUESTIONNAIRE

uMLALAZI MUNICIPALITY/ UTHUNGULU DISTRICT MUNICIPALITY

NO	ITEM	STANDARD PROVINCIAL INDICATOR/MUNICIPAL PERFORMANCE INDICATOR	In Place	In process	No progress	ACTIONS TO CORRECT
1	Core administrative policies, plans, procedures, systems and frameworks developed in municipalities	Legally compliant Employment Equity Plan	YES			
		Workplace Skills Development Plan (staff other than Sec 57)	YES			
		Recruitment policy	YES			
		Legally compliant Supply Chain Management policy	YES			
		Budget policy	YES			

Roads and accesses within the municipal area are upgraded and maintained in accordance with the capital programmes of the KwaZulu Natal Department of Transport.

Eskom provides the uMlalazi Municipality with a 5 year capital programme in respect of electricity projects within the municipal area for inclusion in the uMlalazi Integrated Development Plan.

The KwaZulu Natal Department of Health provides the uMlalazi Municipality with a 5 year capital programme in respect of all health-care projects within the municipal area for inclusion in the uMlalazi Integrated Development Plan.

Additional police stations are built in identified areas of need for improved safety and security. The construction of police stations is funded by the South African Police Service.

Housing in the uMlalazi Area is provided in accordance with the Housing Sector Plan.
Housing projects are funded by the KwaZulu Natal Department of Housing.
The uMlalazi Municipality acts as the implementation agent on behalf of the KwaZulu Natal Department of Housing.

The uThungulu District Municipality provides the uMlalazi Municipality with a 5 year programme in respect of the development of community facilities.
The KwaZulu Natal Department of Education provides the uMlalazi Municipality with a 5 year programme in respect of the development of educational facilities and the Municipality aligns its development plans regarding its competencies.

PERFORMANCE MANAGEMENT SYSTEM

An integrated phased approach is followed for the development of the uMlalazi Performance Management Framework. It places the development of a performance management system and simultaneous organizational development in the context of a rural developing community, with a strong socio-economic development focus. This requires that the phases of the project should not be viewed with a flowchart mindset as this could lead to our planning being seen in terms of neat little units and tight time frames.

No South African rural environment's development, which is most often starting from a zero base, can be evaluated in this fashion. Rural developments are interrelated and not stand-alone units and cannot be fragmented. The challenge here is to move forward with the development of a Performance Management System as a learning curve reality.

It is acknowledged that a Performance Management System which tries to pre-empt all shortcomings, will overwhelm the officials, apart from not being remotely understood by the rural residents.

This implies that all development processes are dynamic and that aspects will be grafted onto projects, as identified during implementation. It is important that the solid integration of the Performance Management concept with the IDP and the SDBIP, and the requirements of the MFMA, be reiterated. An integrated and holistic approach to Performance Management is the key to appropriate performance measurement.

attractive incentive packages for prospective industrialists.

Readers are invited to contact this office should they require more detailed information regarding the vision and mission of the Municipality as well as for the methods used and the costs incurred to effect these developments.

ERADICATION/ALLEVIATION OF POVERTY

Poverty relief can only be achieved if sufficient employment opportunities are created within the local economy. It is important to focus efforts on improvements in the Agricultural Sector and to capitalise on the tourism potential.

PROVISION OF WATER

The provision of water is the area of competence of the uThungulu District Municipality in terms of a Water Services Development Plan. This plan has identified all the needs in the uThungulu District and in the uMlalazi Area in particular. Water is therefore to be provided in a phased manner in terms of the plan.

PROVISION OF SANITATION

As is the case with the provision of water, sanitation is addressed by the uThungulu District Municipality in terms of its Water Services Development Plan.

ROAD IMPROVEMENTS

Roads and road access improvements are implemented to connect rural communities to community facilities such as schools, clinics, community halls, etc. as well as with the urban centres. The improvement of the roads infrastructure is instrumental in improving agricultural production and produce distribution.

ACCESS IMPROVEMENTS

Access improvements are currently in terms of the construction of low-level causeway (bridges) and other bridge structures. The municipality has over the last five years made a meaningful contribution in the construction of low-level causeways and of upgrading rural roads with the co-operation of the Department of Transport.

PROVISION OF ELECTRICITY

The provision of electricity in the area of Eshowe and King Dinuzulu is undertaken by the uMlalazi Council. The remainder of the municipal area including Gingindlovu and Mtunzini is undertaken by Eskom. The provision of free basic electricity and electricity supply is discussed on a regular basis at various meetings.

PROVISION OF HEALTH-CARE FACILITIES

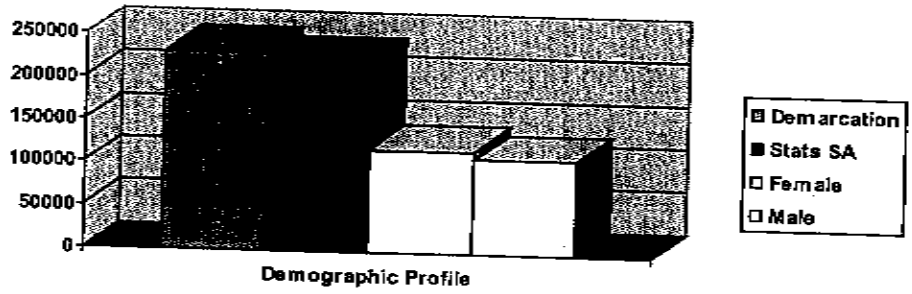
The KwaZulu Natal Department of Health holds the specialised overall responsibility for the provision of hospitals and clinics. In the urban areas of Eshowe and Gingindlovu the municipality provides health-care facilities.

of the largest local authority areas in South Africa. The municipality borders on the Indian Ocean and has a coastline of approximately 17km.

DEMOGRAPHIC PROFILE

According to the Municipal Demarcation Board the uMlalazi Population was 231 023 in 2000 whereas Statistics South Africa sets the population at 221 078 in accordance with the 2001 Population Census.

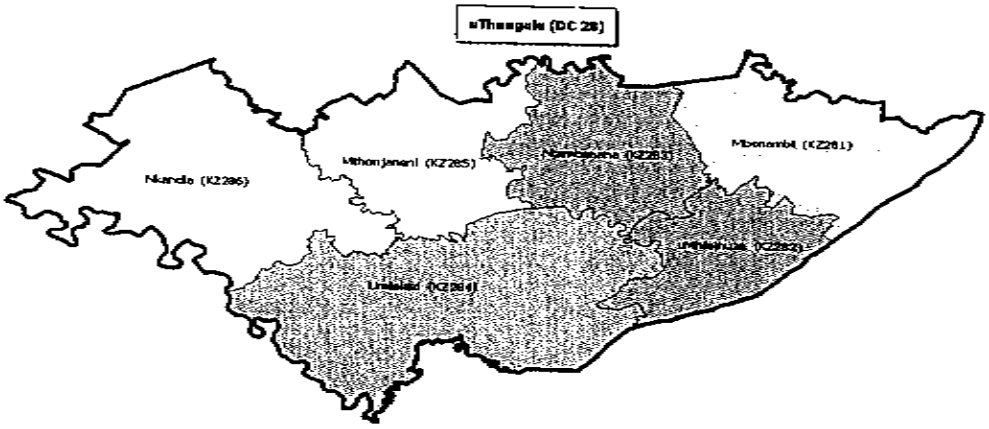
The gender split in respect of the total population is 52% female and 48% male. This implies an absentee male population seeking work or already working elsewhere, or being part of a migrant labour force.



EMPLOYMENT

- In the uMlalazi Area, 29% of the population is either unemployed or looking for employment.
- Only 9% of the population is employed.
- Of the population, just over 42,5% is at school or at a tertiary education institution.
- The main place of employment for the uMlalazi economic active population is Eshowe (43%), whereas just over 50% work elsewhere.
- The largest proportion of the uMlalazi economic active population is employed in the Government Sector (26,16%), Trade Sector (13,5%) and Agricultural Sector (12,24%).

The locality is reflected on the following Locality Map: -



Eshowe is the primary development node in the area for commercial activity, with the agriculture sector being the largest contributor to employment. The rest of the area is rural and falls under the jurisdiction of the Ingonyama Trust Board.

THE POWERS AND FUNCTIONS OF THE uMLALAZI MUNICIPALITY

The powers and functions of the uMlalazi Municipality are derived from the provisions of Section 85 of the

General Overview

The Municipality is governed by the Council consisting of 52 Councillors and an Executive Committee and is one of six local Municipalities located within the area of the uThungulu District Municipality acting under empowering legislation as the development agency of the National Government.

The administrative functions are performed by the Municipal Manager and a team of managers consisting of the Deputy Municipal Manager, Manager Corporate Services, Manager Financial Services, Manager Engineering Services, Manager Community Services and the Manager Protection Services.

The municipality plans its developmental functions in alignment with the policies and plans of the national and provincial tiers of development activities and its powers and functions derive from the provisions of Section 85 of the Local Government Municipal Structures Act, 1998 (Act 117 of 1998) and other relevant legislation.
The Municipality is located on the KwaZulu Natal North Coast.

In order to quantify the success in meeting the development objectives set by the National Key Performance Indicators (water, sanitation, electricity, waste handling, capital budget spending, Local Economic Development initiatives, work place skills, employment equity , etc) a grid guide, based on percentages is presented on page 20.

From this it is clear that while the achievements have been uneven, there is consistent progress. Capacity is at the centre of development effectiveness but capacity is not achieved overnight. It is like a farmland, which has to be developed over time.

In the pursuit of effective capacity it has always been our declared policy to ensure that there is a proper emphasis on the recruitment and retention of individuals with expertise and skills, while at the same time implementing in a responsible manner our commitment to our stated equity goals.

We are proud to be able to announce that our financial management, the heart of any municipality, has been publicly praised by no less than the National Auditor-General's office and this recognition has set before us certain goals and standards not as hurdles but as challenges to keep our own standards at the highest peaks.

It is clear from the financial statements in this Report that all our Integrated Development Plans (IDPs) are unfolding as planned.

Our Ward Committees are in place and are proving successful as are our pioneering policies of including the Amakhosi, of which we have fourteen in this municipality.

The Annual report of the uMlalazi Municipality includes reports on its performance against national indicators. The report allows residents to evaluate their elected officials' delivery on the Integrated Development Plan. Council has embarked on a process which will inform departmental scorecards and individual performance agreements, to ensure a proper link between strategy and individual assessment.

Various reports emanating from both the government and non-governmental organisations indicate that the uMlalazi Municipality continues to provide commendable service and development. The uMlalazi Municipality is well placed to support growth and development and has provided infrastructure and the delivery of services to the new Industrial area in Eshowe. The uMlalazi Council is well supported by Government institutions by means of grants which have a direct result on existing citizens and businesses.

Mayor's Foreword

The uMlalazi Municipality is one of the pioneers in South Africa in the production of municipal Annual Reports. While the National Treasury has ruled that such reports are obligatory as from last year, we are happy to say that we have been from the start ready to record our successes in serving our more than one quarter of a million residents.

The main purpose of an Annual Report is to transparently tell these residents what their representatives have done by way of service delivery. We would encourage readers who require more specific detailed information, and the costs of projects, for instance to contact the Municipal Manager or his staff. Videos and service delivery brochures are also available from the same sources and we encourage such interactive participation with residents and interested parties.

uMlalazi is one of the most extensive local authorities in the Republic of South Africa.
Its very demographics, the undulating hills for instance, make the implementation of certain physical planning actions difficult and unemployment is rife, with most residents living on pensions and grants.

Agriculture and to an extent tourism have been identified as mainstays of our economy but we do encourage foreign investment in both these fields of endevour as well as in manufacturing and other activities.

We market our region by means of seminars, workshops, media publicity, videos and any means at our disposal and these efforts have been most responsive. In common with much of rural South Africa we deal on an almost daily basis with the consequences of the scourges of HIV/AIDS and other poverty related conditions.

Arguably our main concern is with the sustained and reliable supply of water, which is a District Municipality responsibility. As a Council however our members are confronted with the grim regularity of water shortages. It is here that the value of aligning our efforts with those of the District Municipality in alleviating problems becomes crystal clear.

Another regular problem is the destruction effected by runaway veld-fires which does cause serious concern as well as frequent loss of life and livestock. There are regular awareness programmes directed at residents to make them far more aware of the consequences of carelessness as well as effective forward planning regarding the problem of fires.

When our Integrated Development Plan was launched in 2003 the 'wish-list' gleaned from the residents stood at a massive R3-billion in those days. In common with most rural local authorities our tax revenue base is nowhere near sufficient to provide for our great needs and the fact that the national government has found it expedient to cut back severely on its financial commitments to our coffers has further handicapped efforts to bring the residents what they require to live dignified lives. In fact the national cutback on such revenues was in the region of 75% of what this municipality had been receiving and as can be understood the impact on work-in-progress as well as on prospective development was traumatic.

The phased implementation of the Local Government Municipal Property Rates Act 06 of 2004 —an unpopular piece of legislation which must be implemented by local authorities on behalf of the state—which requires that all real estate be evaluated at market value and taxed, is going as planned. This legislation requires that farmlands, residential homes, commercial and tribal lands and properties, all be evaluated and taxed. As this has never been done in South Africa in the past, there are physical but especially psychological barriers to be met and overcome before we can claim any real successes in this aspect our development agency task on

Protection Services Committee	Economic Development Committee
Councillor M C Nxumalo (Chairperson) Councillor S R Ngcobo Councillor N G Zondi Councillor M E Maphumulo Councillor T D Biyela Councillor K B Magwaza Councillor S Zikalala Councillor D C Ntanzi Councillor J D Vilakazi Councillor P Yaka	Councillor E A Talmage (Chairperson) Alderman S B Larkan His Worship the Mayor Councillor M E T Magwaza Councillor S F Ngonyama Councillor K B Zikalala Councillor C Buthelezi Councillor M M Mzimela Councillor P S Mncwango Councillor B Simelane Councillor E Matthews
Standing Rules and Orders Committee	**Audit Committee**
The Speaker Councillor M S Shandu (Chairperson) The Chief Whip Councillor Q T Xulu Councillor S G Mbambo Deputy Mayor Councillor N S Buthelezi Councillor I Woollatt	Mrs K Horsley Mr H Oosthuizen Adv M Mtshali
Local Labour Forum Committee	
The Deputy Mayor Councillor N S Buthelezi Councillor D T Ngonyama Councillor M C Nxumalo Councillor G N Gadlela Councillor P N Yaka Councillor C T Ndwalane IMATU (2 members) SAMWU (5 members) Deputy Municipal Manager Manager Engineering Services Manager Community Services	

In addition to the Councils Portfolio Committees the following sub-committees have been created to assist:

- The HIV/Aids Desk.
- The Sports Desk.
- Arts and Culture Desk.
- Youth Desk.
- Ward Committees for 26 wards in the municipality.

MATTHEW E	541225 5098 08 1	P O BOX 784 Gingindlovu 3800	337 1620/1158 082 450 2924 337 1879 (fax)
MBUYAZI M	641108 5258 088	P O Box 7860 Empangeni, 3910	082 6105 557
MTHETHWA V B ***WARD 20***	711125 5543 082		078 289 1115
MZIMELA W P	691111 5892 087	Enhlisa School P/Bag 534 Eshowe, 3815	082 5120 924 035 – 474 8903 (w)
NDWALANE C T	651129 5465 082	P O Box 5112 Eshowe, 3815	072 317 6341 082 3154 021
NGEMA S G	610916 5801 088	P O Box 774 Gingindlovu, 3800	072 2970 685
SIBIYA T Y	4812255791 083	P O Box 851 Eshowe, 3815	073 3528 952
SIMELANE B P (MISS)	740528 0427 083	P O Box 851 Eshowe, 3815	072 8497 428 082 680 1058
VILAKAZI J D (MRS)	690331 0316 087	P O Box 2 Amatikulu, 3801	073 0267 780
WOOLLATT I (MRS)	621031 0159 081	P O Box 133 Gingindlovu, 3800	083 6370 068 337 1293
YAKA P N	710720 5497 080		076 932 1917

General Information

MEMBERS OF THE uMLALAZI MUNICIPAL COUNCIL

His Worship the Mayor Alderman SB Larkan (05 December 2000 – 24 March 2008)
His Worship the Mayor Councillor MET Magwaza (25 March 2008 – Current)
The Speaker Councillor MS Shandu

LIST OF COUNCILLORS

NAME	ID NUMBER	POSTAL ADDRESS	TELEPHONE NUMBERS
INKATHA FREEDOM PARTY			
BIYELA T D *WARD 1*	571123 5795 082	Private Bag 125 Ntumeni, 3830	084 2942 973
BUTHELEZI N S (Deputy Mayor)	500304 5783 080	P O Box 805 Eshowe, 3815	072 1429 262
BUTHELEZI C *WARD 16*	380225 5267 086	P o Box 83 Gingindlovu, 3800	082 5585 491
CEBEKHULU M M *WARD 7*	820517 5726 089		076 4202 479
DLOLANE P G (MISS)	740128 0636 088		072 1467 787 073 342 7224
DLUDLA M *WARD 9*	760829 5701 083	12 Havelock Street Eshowe, 3815	082 9632 041
KHUMALO K *WARD 4*	621204 5843 088	P O Box 525 Ntumeni, 3830	072 2687 466
LARKAN S B (Alderman) *WARD 11*	460317 5010 088	P O Box 222 Eshowe, 3815	082 8777 192
MAGWAZA K B *WARD 14*	680310 5531 082	Private Bag 557 Eshowe, 3815	076 2682 433
MAGWAZA M E T (Mayor)	540808 6099 082	P O Box 1040 Eshowe, 3815	072 1106 275
MAKHOBA M M *WARD 5*	700309 5331 085	P O Box 1141 Eshowe, 3815	076 5400 290
MAPHUMULO M E *WARD 15*	591112 5306 087		073 3430 782
MARAIS D P	571126 5158 086	45 Charles Horsley Ave, Sunnydale, 3815	083 3072 599
MBAMBO S G	490602 5243 084	P O Box 246 Eshowe, 3815	082 8483 277
MNCWANGO P S	750110 5691 083		076 4068 627
MOODLEY G	400120 5103 082		083 7291 090
MZIMELA M M *WARD 23*	761017 5261 089		072 3105 879
MZIMELA N S *WARD 22*	720628 5538 084	P O Box 1464 Eshowe, 3815	072 5847 995